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# ***CENTRAL EURASIA***



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# FBIS Report: Central Eurasia

FBIS-USR-94-129

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29 November 1994

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## POLITICAL AFFAIRS

### Yeltsin Scored for Failing To Deliver on Pledges

954F0330A Moscow OBSHCAYA GAZETA  
in Russian No 45, 11 Nov 94 p 8

[Article by Dmitriy Olshanskiy: "So Many Promises, So Few Kept"]

[FBIS Translated Text] Eight months ago the president delivered his first (under the Constitution—annual) message to the Russian Federation Federal Assembly. At that time I shared with OBSHCAYA GAZETA's readers my thoughts on what the president said and on how likely it was that the program of action he set forth would be implemented. The commentary was entitled "Dreams and Sounds a la Nekrasov."

Was this political commentator jumping to conclusions when he characterized the presidential message as good intentions that would never come to pass? We will see. Two-thirds of the time period set aside for making the president's words a reality have now passed. What has been done, what has been started, and what has been disregarded?

The main point, the leitmotif of the message, was the problem of the Russian state. The president emphasized: "We have the sole effective medicine: strengthening the state on the basis of the Constitution." Unfortunately, the Constitution has yet to truly start working. This is apparently why the president was forced in late spring and early summer to switch to what is essentially "manual control" of the country—the use of direct-effect edicts. However, this has not affected the condition of our state.

Fundamentally, a state consists of several quite definite things: secure borders, a national currency, a combat-ready army, and governable territories.

The border problem remains unsolved. Efforts to demarcate the new "state boundary" have begun only in Pskov Oblast. The border around Chechnya was established without prior authorization, and we find ourselves at a certain impasse: We still do not know if Chechnya is a part of Russia. Consequently, along Russia's entire perimeter we still have either the old borders, the borders of the USSR, or no borders at all; on the other hand, new borders within the Russian Federation have appeared. Needless to say, a state without concrete borders is nonsense, a phantom held together either by inertia or through the goodwill of neighbors who observe these borders, despite the fact that they do not exist.

The second attribute of a state is a national currency. There has been a certain amount of progress here. In February, a merger of monetary systems with Belorussia was likely, and the ruble would have disappeared as the monetary unit of a single state. Fortunately, that did not happen.

The next attribute of a state is its own combat-ready army. Efforts to solve this problem have so far been unsuccessful. Russian Army units remain far beyond Russia's borders, fighting in Tajikistan, separating Georgians and Abkhazians, and securing the borders of a large number of CIS states. Within Russia itself, however, the Army does not yet have the status it should have as the "bulwark and hope" of an independent state.

Finally, an indispensable attribute of a state is governable territories and administrative units. Here we find ourselves in a difficult situation. On the one hand, the president is trying hard to maintain and strengthen governability. For example, in cancelling elections of local chief administrators. But on the other hand, the governors appointed by the president and accountable to him are not always obedient to the chief of state. And not very meticulous in meeting their obligations to the Federation.

In February the president said a great deal about the need for social accord. And here certain successes are in evidence. For example, thanks to the Pact of Accord, the political elite has learned to behave itself in a more civilized fashion. But the elite is not the only problem. The fact is that certain rules of play, reconciliation procedures, and a search for consensus on the major issues are becoming the norm. To what extent they will develop depends on two factors: How they will be used "at the top," and how they take hold "at the bottom." The elite's accord has yet to reach the masses, the population.

The president said: We need an overall program of state reforms in the Russian Federation, we need strategic goals. Unfortunately, these things do not yet exist.

The president posed the task of "initiating fundamental change in state support to the agrarian sector in 1994. The main principle is not to satisfy any funding requests from the sector, but to bring about genuine reform of its economic mechanism." This has not come to pass. Once again, the agrarian complex has driven the authorities into a corner by threatening reduced food supplies. And again the state has had to buy it off with money.

The president spoke of efforts to combat organized crime as a separate topic. To our deep regret, this item remains on the agenda. Still, it seems that the president has done everything in his power in this regard, even resorting to the edict on stepping up the war on crime, which many people deemed unconstitutional. But in a situation in which the state is weak and unable to regulate relations between its citizens, citizens are finding spontaneous, shadow forms of regulating their relations. And then a shadow state emerges, one that assumes more and more functions of the official but weakened authorities and will sooner or later supplant them completely.

We know full well that there is a whole series of problems today—nonpayments, the failure to meet contract commitments—for which it is simply absurd to go to court. It

takes months to obtain a trial or arbitration proceeding. Meanwhile, inflation is eating away at the money that remains unpaid under contracts. In extreme situations, services of this kind are being rendered by criminal structures, which are becoming a kind of "shadow justice system." This is terrible, a tragedy, but the only solution is to make state forms of regulation of social relations more effective. For example, by conducting the judicial reform that the president promised.

The president's message devoted considerable attention to social problems. The president announced he was assuming responsibility for "inflation security for the public." The soaring dollar in October showed that this pledge has not been kept. Many prices have gone up 30 percent to 50 percent and are unlikely to drop back to their previous levels.

It is clear that inflation security today means stopping the production slump. However, it has not been stopped; on the contrary, it is gaining momentum. In the opinion of prominent specialists, exceedingly serious upheaval can be expected for the rest of the Russian economy in the coming months.

There is virtually nothing to boast about in the social sphere. The president promised to take steps to narrow the gap in incomes between the rich and the poorest. On paper, this has been achieved to some extent. The measure that the executive branch proposed was very simple: an income tax. As a result, the rich have begun paying themselves lower wages, in order to avoid paying more taxes to the state, and obtaining their money by other means. Consequently, the differences in wages has been reduced, but the abyss between incomes has widened manyfold—now by 1,000 times. There are still people receiving the minimum wage of 20,500 rubles [per month]. This figure can be multiplied by 1,000, yielding 20 million rubles. We know that there are such people.

The president posed the task of making the tax system more efficient. However, while the treasury failed to receive 6 trillion to 8 trillion rubles last year, it failed to collect 21.1 trillion in the first nine months of this year. The government, which promised to lower taxes last fall, drafted proposals that further tighten the noose around the necks of the poor. Plans now call for taxing income from second and extra jobs at a higher rate, and the slogan proclaimed at the outset of reforms, "Earn money, grow rich!" is becoming pointless.

At the conclusion of his message to the Federal Assembly, the president grouped everything he had said into seven points. Let us attempt to assess them in terms of the level of implementation in the past six months. The first was "strengthening legality." Neither the quality nor quantity of laws meets today's requirements, and the mechanisms for enforcing laws and holding offenders accountable are utterly inadequate. The second was "combating crime." It is still hard to speak of a serious, comprehensive approach, although the

president has tried to find one. The third is the economy. Unfortunately, one can only cry over it. The fourth was "concern for the country's spiritual future." There has been no progress in this area to date. The fifth was "support for the regions and territories and the defense of their interests." The principles of the new regional policy that the president promised have yet to be formulated, and the following question remains unanswered: Is Russia a unitary state, or a genuine federation? The sixth was the "fate of Russians in the ex-Soviet republics." That fate remains a grave one. The seventh was a "more active foreign policy." Here one can congratulate the foreign minister on the successful accomplishment of the tasks set in the president's message. Russia is playing an important peacemaking role in both the Bosnian and Middle East conflicts. At the same time, President Yeltsin's visit to the United States and his speech at the UN General Assembly showed that Russia is increasingly firmly asserting its role as a great power, as promised.

And so the overall result is modest indeed: Many declarations in the message to the Federal Assembly remain good intentions. Why? After all, it was written by intelligent people, and they and the president wanted improvements. Apparently, the implementation mechanisms are so disorganized that the most wonderful ideas and dreams can be realized only in sound.

#### **Kvasov Assails Vice Premier Institution**

954K0394A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 15 Nov 94 p 2

[Interview with V.P. Kvasov by Fedor Sizyy; place and date not given: "Kostikov Is Off the Presidential Ship. ...And Kvasov Is No Longer Slaking the Reformers' Thirst"]

[FBIS Translated Text] [Sizyy] Vladimir Petrovich, your position has always been assessed in the media as that of No. 2 in the government and of some "gray cardinal." Who engineered your resignation?

[Kvasov] The office of leader of the government bureaucracy may be termed political only conditionally. This office is of a business nature, I would say.

[Sizyy] How many persons work in the bureaucracy?

[Kvasov] About 1,130. And only 560 of them are officials. Second, all fundamental documents—decrees, directives—pass through the government bureaucracy. Through me, in fact. And I would mention that these are frequently responsible decisions determining the fortunes of sectors and millions of people.

This is onerous and responsible work. But, like it or not, life today is different. Both the public and the nation are displaying an interest in the work of the government. And I have had to present an explanation of this position or the other adopted by the government.... On the other

hand, last year, after it had been decided to schedule elections to the State Duma, I, after long hesitation, joined the struggle.

[Sizyy] You were elected by party slate?

[Kvasov] I was not a member of any bloc. I went to the constituency that I knew. My home. I had 11 candidates. And as a result of the campaign I found myself a deputy of the State Duma.

Initially I had thought that it was possible to combine public service and the job of deputy. But, unfortunately, reality showed that you cannot wear two hats.

After all, it is easier for free deputies. A recess is announced, and they go home. I have gone two years now without leave. I had to make a choice. And I did so.

[Sizyy] That is, you were preparing to resign in July even, after the president's "counterrecoil"?

[Kvasov] I wrote out my request in July. But, on the other hand, I did not want to leave the government because of the "counterrecoil," as you put it. I had, no, was duty bound, to refute the negative opinion of the department that I headed.

[Sizyy] And who persuaded you at that time?

[Kvasov] I had a conversation with Chernomyrdin. It was agreed with the president also that all decrees and directives that leave the government would without exception preliminarily be put on his desk.

[Sizyy] And the president checks everything?

[Kvasov] He does. And in this six months he has not held up a single document. He has voiced disagreement on one or two, it is true, but not because of substandard preparation but owing to a disagreement with the adoption of such decisions in principle. Thus, I believe that I was able to confirm my professional level and the level of my department. And for this reason I tendered my resignation with a clear conscience in order to leave for the Duma and to apply all my forces there.

[Sizyy] What do you think of the ministerial reshuffle?

[Kvasov] I worked in the government for two years. We had in this time a change of finance minister four times. Four ministers of finance. This reshuffle involving the change of ministers in the course of implementation of an economic reform did not, generally speaking, do any good.

[Sizyy] It has been heard that Chubays "made" Yasin minister of economics. It was he who proposed him for this post. Why was this not done by Chernomyrdin?

[Kvasov] I do not know the details as to who proposed whom as minister of economics. But I know exactly how things go when ministers are appointed and can assure you that this is done with the participation of the prime minister, naturally.

[Sizyy] The candidates for leader of the government bureaucracy are personified with the prospects of the work of the prime minister himself....

[Kvasov] Every prime minister must have dependable rear support. The leader of the government bureaucracy is the prime minister's rear support.

Yes, the bureaucracy is an instrument that may be attuned either to work or to sabotage. And, naturally, much depends on the extent to which the prime minister and the leader of the bureaucracy work in contact. And it is not important, what is more, what the relationship of the leader of the bureaucracy and the president is. You should understand that Chernomyrdin and I were in contact. And I, of course, sensed his support. There were masses of attempts to smash the bureaucracy, incidentally. I do not exclude the fact that they could be repeated. When Gaydar, Fedorov, and Shumeyko joined the government, an attempt was made to put most powerful pressure on me. The purpose was obvious—to smash the bureaucracy. And this was a blow in principle at the prime minister. We stood our ground. And now also the government bureaucracy is monolithic.

[Sizyy] Particularly if it is considered that the different political views of members of the cabinet ..

[Kvasov] Naturally. And there has just been the first most savage vice prime minister struggle. And I made a heap of enemies.

[Sizyy] Who might your successor be? There is talk to the effect that it will be Viktor Ilyushin, Yeltsin's assistant....

[Kvasov] I may say that the candidacy of a person whom Viktor Stepanovich has known since Orenburg is being considered. This is Petr Sergeyevich Surov, chief of the Investments Department. Viktor Stepanovich has confidence in him also, as far as I know....

[Sizyy] One further question—concerning a reduction in the staff of the president's office. It is today being linked with a parallel reduction in the government bureaucracy. What in actual fact is happening?

[Kvasov] An interesting question. On the one hand, the purpose here is to save money. A worthy cause in itself, of course. It has been decided to reduce the president's office 30 percent. As far as a reduction in the government bureaucracy is concerned... There is the directive of the president concerning a downsizing of the federal executive authorities by one-third. The same at the regional level also. Yeltsin ordered that he be presented with the proposals before 20 November. There have already been several reductions in the past two years. The latest was in April. The bureaucracy was cut by 20 percent. There had been several other reductions prior to this. It is essential henceforward to perform this work at a different quality level. This may be done only thanks to the most colossal structural reorganization.



[Sizyy] We are talking about a reduction, but the institution of deputy prime ministers is expanding constantly....

[Kvasov] You know what a deputy prime minister is? The deputy prime minister is an atavism. No government in the world has a superstructure in the person of a deputy prime minister. There is a prime minister, he has one deputy. And then the cabinet. But with us today it is as though there are two governments within the government. There are the deputy prime ministers and there are, in addition, the ministers, who are subordinate to a deputy prime minister. This is altogether abnormal.

[Sizyy] What, in your view, are the government's further prospects?

[Kvasov] The government is operating under very adverse conditions. Since 1990 industrial production has fallen 43 percent. Industrial production has declined almost twofold. Despite Mr. Zaveryukha's optimistic assurances, the present year's yield is, unfortunately, far from what was expected. Whether we like it or not, Russia will, by all accounts, have to endure a most powerful fuel crisis. I believe that it is these factors that could be reflected in the cabinet's activity. As far as political storms are concerned, I do not believe that they will remove the government.

#### **Reasons for Removal of Apparatus Chief Kvasov Viewed**

954F0347A Moscow *SEGODNYA* in Russian  
15 Nov 94 p 2

[Article by Aleksandr Bekker: "Boris Yeltsin Causes Breakdown of Government Chairman's Motor"]

[FBIS Translated Text] While Vladimir Kvasov's retirement didn't raise much of a stir, it did signal a major change in the White House. Removal of the chief of the government apparatus by presidential edict is perceived quite differently from, for example, the removal of Dubinin and Gerashchenko. The "sequenstoring" of the leaders of the Ministry of Finance and the Central Bank could be taken for a reaction to the fall of the ruble—these officials simply suffered the wrath of the head of state. And Mr. Shokhin's resignation, which was accepted post-haste (the edict was even signed on a Sunday), could be taken credited to Boris Yeltsin's injured ego: You can't scare us with quick changes in course, we'll find another "negotiator" with the West.

Filling of the cabinet vacancies by associates of the presidential administration Yasin and Panskov and elevation of the status of Chubays and Bolshakov also somehow fit with the course of reform announced by the Kremlin and coordinated with the White House. Though this time details have surfaced that run contrary to the appearance of synchronized action. Thus, Agricultural Minister Khlystun was replaced by Mr. Nazarchuk while the chairman of government was in the State Duma. In Mr. Shokhin's words "Viktor Stepanovich had never

seen" the new finance minister before the moment of his appointment. And the word is that the fast lane from St. Petersburg to Moscow was cleared for Mr. Bolshakov by Mr. Lobov, whom Boris Yeltsin thus rewarded for taking on the role of banking pathfinder.

Still, it was not until Mr. Kvasov's retirement that all of the rumors and conjectures were confirmed. It is common knowledge that 58-year-old Vladimir Kvasov was not just "Chernomyrdin's man," but one of his closest associates. The head of government lifted Mr. Kvasov from his position as a division deputy director at the Gazprom RAO [All-Russian Joint-Stock Company] just 4 weeks after his election. Mr. Kvasov is a highly experienced administrator who worked 12 years in the Council of Ministers (from Kosygin to Silayev); his superior included Dymshits, Shcherbina, Ryabev and Yavlinskiy.

Putting his hopes on Vladimir Kvasov and promoting him to a ministerial position, Viktor Chernomyrdin had no doubts that the former would create a powerful government apparatus. And that's generally what happened. Over a thousand persons, including 115 doctors and candidates of sciences, labored under Mr. Kvasov's wing. Just last year the apparatus drafted 4,500 cabinet decrees and orders, and executed 46,000 government orders. Former Finance Minister Fedorov grieved that "while it took a good half-year for paperwork to get through the system, important decisions were railroaded through." By his remarks he made it clear that Mr. Kvasov was regenerating a Soviet-type apparatus under which documents underwent specific selection, such that the head of government received only that paperwork which fit with the views of the apparatus regarding the reform and the political processes.

Although Mr. Kvasov denied that his apparatus was a political structure, he did not abstain from political commentary. Following the departure of Gaydar and Fedorov from the government at the beginning of the year, the head of the apparatus said: "Is it really true that only these two had been implementing the reforms, while the rest—almost 30 members of government—were only observers? Considering that practically all of them have retained their posts, it is wrong to think of this as a new government." Mr. Kvasov's power was impressive: He reprimanded Deputy Chairman of Government Chubays in the press for poor execution of cabinet decrees, and Deputy Chairman of Government Shokhin got in trouble for trying to make changes in the Ministry of Economics.

Note that the position of leader of the government apparatus is an influential one. Mr. Kvasov's predecessor Aleksey Golovkov in his time brought Mr. Gaydar together with Mr. Burbulis, and was later on proclaimed to be a "brilliant organizer" on Staraya Square. Without any noise or haste, Mr. Kvasov created what appears to

be a bureaucratically coordinated and effective mechanism that is an order of magnitude stronger. A mechanism able to regroup when necessary and launch Mr. Chernomyrdin into a presidential campaign.

We would suppose that Boris Yeltsin's administration understood this, which hardly raised any more sympathy toward the impetuous Mr. Kvasov. He is also disliked by that group of State Duma deputies whom he would not admit to the Kremlin in July for the "great Council of Ministers." In those same days Mr. Yeltsin publicly expressed displeasure with the head of the government apparatus. Today Mr. Kvasov is "bent on strengthening the State Duma," as the note accompanying the edict says. A few days ago Viktor Chernomyrdin declared it necessary to assign one high-ranking official in each ministry to explain the meaning of the government's policy to State Duma deputies. It is an irony of fate that the closest associate of the head of government became the first such official.

Mr. Chernomyrdin's "right-hand man" was removed without observing even the basic political niceties—by presidential edict, rather than by an order from the head of government. For practical purposes this decision caused breakdown of the motor of the government apparatus. It would seem that Mr. Chernomyrdin loses a great deal as an independent political figure. Now his future is tied in with the future of the president.

#### **Yeltsin on Possible Cooling Off of Russian-U.S. Relations**

954F0353A Moscow KOMMERSANT-DAILY  
in Russian 15 Nov 94 p 3

[Article by N. Kalashnikova and V. Zamyatin: "New Course of the Russian President"]

[FBIS Translated Text] Boris Yeltsin made a declaration yesterday at the Ministry of Defense concerning the possible cooling off of Russian-U.S. relations—something predictable and something sensational at the same time. It is symptomatic that Yeltsin chose to speak of changes in the foreign policy course at a conference of the highest command echelon of the armed forces of Russia.

According to the president, because of the defeat of the Democrats in the elections in the United States, it is possible to expect "a certain toughening" in the United States policy toward Russia. In other words, in Moscow they are not excluding the possibility that Bill Clinton, having lost support in Congress, will have to react to the pressure from lawmakers, including that in the area of foreign relations. This was the predictable moment under existing conditions for which Moscow was apparently prepared. The sensation was caused by something else. The speech by Yeltsin, for the first time, for example, contained the following phrase: positive changes in the world do not mean that the "problem created by a military threat has been eliminated from the agenda of the day."

The speech of the president of Russia, which coincided not only with mid-term elections in the United States (in that regard the president advised that contacts be established with the Republicans) but also with large-scale personnel shifts in the Russian executive power structure, may be regarded as presentation of his new course. The points of Yeltsin's new doctrine are as follows. According to him there is "a real possibility of the appearance of nuclear weapons in Third World countries." That, in turn, threatens an expansion of the current and appearance of new military conflicts, into which Russia may be drawn "by virtue of geopolitical and geostrategic interests." Yeltsin also indicates that the diminished threat of a new world war "is not due exclusively to the presence of a nuclear shield in Russia as a deterrent factor." But the positive changes in the world are also no guarantee that the military threat has vanished. Therefore, guided by its strategic interests, Russia must concentrate "its principal efforts" on the perfection of military training of troops and "the possibility of utilizing them in local conflicts." The president made a critical evaluation of the current situation in the sphere of social protection of military personnel and demanded that Viktor Chernomyrdin, who was present at the conference, ensure "full financing" of the Armed Forces.

Yeltsin's speech brings back sad memories of the opposition between two systems and at the very least evidences an adjustment in the apparently established system of warm mutual relations with the West. In the course of his recent visit to the United States and also in speaking at the UN the President of Russia discussed a number of disarmament initiatives. Now, however, the main task is achieving increased combat readiness. Then there was talk about an expanded role for the UN and CSCE in the resolution of regional conflicts. Now there is the possibility of Russian involvement in them. Then there was global peace achieved mainly through the efforts of Moscow and Washington. Now there is the threat of a new world war and the Russian nuclear shield as a guarantee of security (we are not talking about local conflicts here). Then there was an anti-inflationary budget. Now there is the full financing of armed forces.

It is hardly possible to explain such a major metamorphosis just by the defeat of the Democrats in the elections: after all, Russia managed to get along with Republican Bush. What can explain it? The apprehension that Clinton will be on a leash held by "hawks" among the Republicans? He is already heading in that direction by ordering an end to the embargo on delivery of weapons to Bosnian Muslims and also sending the aircraft carrier Dwight Eisenhower into the Persian Gulf for the purpose of observing actions of Saddam Hussein, whom Andrey Kozyrev persuaded to recognize Kuwait. Moscow undoubtedly is apprehensive that Clinton will go too far. But just on the eve of Yeltsin's speech at the Ministry of Foreign Affairs, they were insisting that Russia is not inclined to dramatize the decision of the United States with regard to Bosnia, while Kozyrev, who left yesterday

for Paris, did not conceal the fact that he was seeking "a common language with France on European affairs." NATO allies of the United States yesterday let Clinton know that they are prepared to offer their resources for the conduct of operations in the Adriatic Sea area in observance of the embargo. In the Persian Gulf it is also unlikely that Clinton will go for an aggravation in the situation—the allies have their own views on that, while isolation in Europe is of no use to Washington. It is possible to assume that along with Clinton, Yeltsin is also bluffing—also under the influence of the opposition, however. The game, however, has progressed too far. The "influx of new blood" in the government, which so stirred up the Russians, and the upsetting of the West by refusal to pay the foreign debt, may seem like trifles by comparison with the possible consequences of such a tumultuous evolution of the views held in Moscow.

#### **Decision To Streamline Presidential, Duma Staffs Eyed**

954F0329A Moscow OBSHCAYA GAZETA  
in Russian No 45, 11 Nov 94 p 8

[Article by Nikolay Troitskiy: "Two Salaries in a Single Pair of Hands"]

[FBIS Translated Text] The RF president and chairman of the State Duma recently took a decision to reduce their staffs. For Russia this is a regular measure that usually produces the opposite results.

Yet Fedor Shelov-Kovedyayev, former RF people's deputy and former first deputy minister of foreign affairs, has adopted an effective remedy for bureaucratization: he has combined in one person (his own) two offices on the staffs of two different branches of government. Since this January Shelov-Kovedyayev has served as a staff expert to the Russia's Choice Duma faction. At the same time, for a year now he has been listed as a member of the RF president's Commission on Legislative Proposals. In addition, the ex-deputy holds an important party position as coordinating secretary of the political council of Russia's Democratic Choice.

Shelov-Kovedyayev's party work is paid for exclusively out of the party's funds, but for his two main jobs he receives pay out of the budget—more than 700,000 rubles in the Duma and about 1 million on the presidential commission. Not bad money, but that, of course, is not the point. Whereas the Russia's Choice faction has the right to hire experts if only because it actually exists, the same cannot be said of the other structure that has provided shelter for the prominent democrat.

The Commission on Legislative Proposals (CLP) was established by the president immediately after the dissolution of the Supreme Soviet, and more than a score of RF people's deputies who had supported Edict No. 1400

were given jobs on it. Mikhail Mityukov, who simultaneously received the rank of deputy minister of justice, was named to head the commission, and the historian Shelov-Kovedyayev was appointed deputy chairman. Right up until the State Duma began functioning, the CLP labored diligently on draft laws for the future parliament, and then the need for it disappeared and in February the president signed an edict dissolving it.

De jure, the structure was dissolved; some of its employees, including Mityukov, gained seats as deputies and shifted to their new occupation. But de facto, it turns out, the CLP continues to exist, and it has an official acting chairman—Shelov-Kovedyayev. The acting chairman retains an office in the building on Novyy Arbat, a special government phone line, and official vehicle with a cellular phone, special medical care and other privileges of Kremlin apparatus personnel, privileges which Shelov-Kovedyayev shares with a few subordinates—former deputies Sergey Zasukhin and Fedor Polenov, and two or three more of their colleagues, who do not advertise their places of work and therefore have not been identified by OBSHCAYA GAZETA's commentator.

The enigma of the "posthumous life" of the dissolved unit can be explained simply. The president's edict regarding the CLP cannot serve as the grounds for dismissal—an appropriate order from a direct superior is needed. There has been no such order, and therefore Shelov-Kovedyayev and company continue to be on the payroll to this day. Granted, there is another presidential edict—"On State Service," which forbids state employees to combine their offices with any other work except for creative or instructional work. Staff experts, that is staff employees of parliamentary factions, have nothing to do either with creative work or instruction and are classified as state employees. Incidentally, Shelov-Kovedyayev receives both of his salaries in the same bookkeeping office, albeit from different cashiers: the Duma staff continues to be under the president's Business Administration and is financed out of its budget. Thus, the dual apparatchik clearly does not fit within the limits set by Yeltsin for civil servants.

Finally, Shelov-Kovedyayev falls under yet another presidential edict—on departicipation, which prohibits the combination of state service with executive positions on political parties. The edict was promulgated back in 1991 and directed against functionaries of the CPSU; everyone has forgotten it and no one is any longer carrying it out, although no one has rescinded it, either.

When OBSHCAYA GAZETA's commentator asked Shelov-Kovedyayev what his commission and the acting chairman personally were presently doing, he for some reason took offense and would not say. And he explained his combination of jobs tersely and vaguely: "It's in the interests of the president."



### **Duma on Enhancing Security Arrangements for Deputies**

954K0401A Moscow KOMMERSANT-DAILY  
in Russian 16 Nov 94 p 3

[Article by Viktoria Shpak under "Deputies Want to Receive Weapons" rubric: "The Parliament Is Beginning With Itself in the Fight for Security"]

[FBIS Translated Text] The tragic death of Deputy Valentin Martemyanov caused his colleagues to undertake a resolute fight against crime. To be sure, it is primarily in those places where the deputies themselves live. Yesterday a resolution by the committee for the organization of work in the chamber went into effect. It was approved by the Duma council and provides for a number of measures to strengthen the security of legislators.

Despite the fact that there is no indication that the deaths of Andrey Ayzderdzis and Valentin Martemyanov had anything to do with their legislative work, their colleagues from the committee for the organization of the work of the State Duma decided to utilize these two tragic events for the fight to improve the security of deputies.

In accordance with recommendations from the committee, metal detectors will be installed in all of the approaches to the building on Okhotnyy Ryad and it is proposed that in December the windows of the first floors be protected with special protective blinds. Internal and external alarm systems have been installed.

The legislators intend to establish security at the approaches to their houses and to set up a pass system there. And this will probably not be done at the expense of the high-placed residents, for it is proposed that this be handled by the administration of the State Duma together with the directorate for the guarding of facilities of the highest bodies of authority and government institutions. Those deputies who did not receive apartments in parliament houses in Mitino, on Koroleva Street, on Dubininskaya Street, and on Rublevskiy Highway were also not left out: a set of measures will be developed for their protection, including a personal link with the internal affairs agencies. The last point in the document prepared in the committee headed by Vladimir Bauer, chairman of "Russia's Choice," is a recommendation "to look at the possibility of issuing personal weapons to deputies of the State Duma."

[Boxed commentary from the political section]

In principle, the desire of deputies to guarantee their own security is a manifestation of the natural instinct for self-preservation that exists in every normal person. The perplexity comes from how the deputies intend to do this. Under today's situation with respect to crime, a guard next to a house or parking area or a strong doorman is not at all superfluous. But those who already have them pay for their own tranquility. Now, in the opinion of the deputies, their tranquility must be paid

for by voters, although it would seem that the State Duma exists to establish the conditions for the normal life of voters.

### **Federal Council on Constitutional Court Judge Election**

954K0401B Moscow KOMMERSANT-DAILY  
in Russian 16 Nov 94 p 3

[Article by Veronika Kutsyllo under "Meeting of the Federation Council" rubric: "Preelections for the Constitutional Court: One Has Been Elected and Two Are in Mind"]

[FBIS Translated Text] As of yesterday, one of the five candidates for membership in the Constitutional Court has been elected—Yuriy Danilov, deputy chairman of the Antimonopoly Committee. Today, however, there will be still another attempt to vote and it will be under a complex multiple-round system. Two candidates who gained the largest number of votes in the rating vote—Yuriy Kalmykov and Raif Biktagirov—will make an attempt. Most likely the court will remain partially unfilled and the already ample list of failures of Sergey Filatov will be lengthened.

The voting system approved by the deputies has turned out to be so complex that they themselves understood it only after it was explained several times. There was no one to accuse of mischief: the president sent five candidacies (Raif Biktagirov, Yuriy Danilov, Yuriy Kalmykov, Mikhail Krasnov, and Valeriy Savitskiy) for three vacancies in response to the demands of deputies for alternatives. Initially all five candidates went through secret rating votes, under the results of which three of them—Danilov (74 "for" and 37 "against"), Krasnov (60 "for" and 61 "against"), and Savitskiy (58 "for" and 60 "against") went on to the second round. But since of the three only Danilov was elected (99 "for" and 35 "against"), for the two remaining vacancies there will be another vote today on the candidacies of Biktagirov and Kalmykov, who received 27 and 57 votes, respectively, in the rating.

Cherkes Kalmykov has a very small chance of getting enough votes but the Tatar Bigtagirov, who spoke too vigorously in favor of the sovereignty of Tatarstan and therefore received 76 negative votes, can hardly count on success. On the other hand, if you consider that the deputies adhere to the principle of eliminating candidates who are loyal to the president ("Baturin's favorite" Krasnov and the "president's protege" Savitskiy), then it would be more consistent to prefer Bigtagirov over Kalmykov. Reviewing the history of the attempts to fill the Constitutional Court, it is now quite impossible to understand what the deputies from the Federation Council want from the candidates for judge and what sort of candidate may be acceptable to them.

In any case, the Constitutional Court cannot take up its work. So far it has not been possible to achieve a "turning point" in its composition, which the president

very much hoped to do. Of course such a tactless attitude toward the president on the part of the Federation Council will be assessed appropriately. Just as will the latest failure in the mission of Sergey Filatov, the official representative of the president in this question. In addition, if one imagines that those close to the president soberly assessed the chances of the candidates for election, then Filatov's mission becomes more like an elementary prop rather than a verification of his practical qualities. By the way, he still had yesterday evening at his disposal—the Federation Council remembers the victorious election of Vladimir Shumeyko after a meeting of the heads of the regions with the chairman of the Council of Ministers.

### Central Election Commission Head Speaks

954F0326A St Petersburg SANKT PETERBURGSKIYE  
VEDOMOSTI in Russian 12 Nov 94 p 3

[Interview with N. Ryabov, chairman of the Central Election Commission, by I. Velikanova, the paper's Moscow correspondent; place and date not given: "I Had To Renounce My Former Beliefs and Associates"]

[FBIS Translated Text] In the course of the regional elections that are taking place at this time there has once again been increased public attention to the Central Election Commission. The attitude toward it in Moscow's political lobbies is ambivalent. The Central Election Commission and its leadership are being censured, sometimes for inordinate ambitions, sometimes, on the contrary, for timidity and lack of scruple. What does Nikolay Ryabov, chairman of the Central Election Commission, think about the Central Election Commission's work and its place and role in the system of social and political institutions?

[Velikanova] To which branch of power do you assign your department?

[Ryabov] To none. It is our job, implementing the constitution of the power of the people, to ensure via representative democracy the conditions whereby the people realize their rights.

[Velikanova] So what do you consider yourself to be more: a politician or an administrator?

[Ryabov] Hmm.... Well, the role and significance of the election commission in Russia are determined by an enormous totality of factors. Whereas in the bygone period of history they served merely as a fig leaf covering the real actions in respect to the shaping of power, when one party reelected itself, today, at a time of the agonizing transition to democratic principles of the state, the Central Election Commission is essentially acquiring its own political identity. We are actually performing the role of ideologists and coordinators. And it is no accident that a trend toward both branches of power, frequently in conflict between themselves, endeavoring to take control of the structure of the authorities supporting the formation of this power itself may be observed. The

place of the election commissions is altogether determined by the political situation in the country. This is not only a Russian phenomenon, for that matter. I was in South Africa, and the Central Election Commission there was forced to assume more than just functions pertaining to organization of the elections. It created, for example, a conciliation commission for the avoidance of armed clashes between the black majority and the white population and even had security forces here to suppress possible pockets of resistance. Things have so taken shape in the state that only the Central Election Commission was a realistic force that had the confidence of society. Both there and with us the Central Election Commission will undoubtedly in time occupy its niche in the system of social relationships and will no longer perform the political role that it performs today. But for this there has to be tranquillity in society.

[Velikanova] So you are a politician?

[Ryabov] You know, had I wanted to be a politician, I would have done something else. But I like most what I am doing now—creating an electoral system in keeping with society's democratic aspirations.

[Velikanova] But you are probably aware that the Central Election Commission is called a political department, which, taking advantage of its powerful connections locally, could bring to power whoever it wished?

[Ryabov] Were this the case, we would not be insisting on the adoption of election legislation. We would, on the contrary, be applying the brakes to this process and, employing provisional acts and presidential edicts, be concentrating for ourselves some threads of influence. This is not hard to do in a legal vacuum. And then what you speak of could be achieved. But we have other aspirations. In my opinion, the active work of the Central Election Commission on the creation of election legislation proves this. That without it the conditions exist for nefarious business, with this I agree.

[Velikanova] How was it that the number of those registered to vote on 12 December was 2 million less than at the April referendum, although there had been no census?

[Ryabov] There is no puzzle here. I am already tired of explaining this, to be honest. You will, of course, have seen every conceivable publication and attempt to form a commission in the Duma and will have heard the irresponsible statements of a number of deputies and politicians. Not a single fact confirming falsification or vote-rigging was found. No, no census was taken. When the districts were allotted, we employed the previous figures, and the assessments were made on the basis of the registered voters. Of course, the organization of the recording of the electorate was thoroughly badly arranged. But there were objective reasons for this, you understand? No ill intent on the part of the Central Election Commission should be sought here. We simply lacked the opportunities for rechecking the figures with



which we had been furnished. Lest such puzzlement arise, we have inserted in the draft law "On Elections of Deputies to the State Duma" a provision specifying the roll-formation procedure. According to this, the electoral rolls should be checked twice a year, regardless, what is more, of whether elections are impending or not. This should be supervised by the appropriate persons from the local administrations. And overall supervision should be exercised by the Central Election Commission. Then we would be responsible for all [word illegible].

[Velikanova] So false figures on 12 December were entirely possible?

[Ryabov] Not false but not in accordance with reality. No, I cannot rule this out. But, again, who can tell me that the system of recording, registration, and control of the movement of the electorate had been regulated by law with us at that time? All these sociologists can only blame and expose, but none of them has lifted a finger to somehow put the electoral system in shape. We have been performing work in this respect for a year that they have not even dreamed of. I want you to understand: We are well aware of all our shortcomings. Nor do we make any secret of them. The only thing that we reject is intent on the part of the Central Election Commission, one, and the assertion that the elections to the State Duma and the referendum on the constitution were undemocratic. No one could prove this nor will it be proved. And all the talk is just idle prattle.

[Velikanova] The Central Election Commission formerly presented the Duma with an account of the campaign spending by the election associations, from which it followed that the nature of the receipts with a whole number of associations, specifically YABloko and Russia's Choice, was highly dubious. The Duma, as we know, did not react. But nor did the Central Election Commission insist on a review of the election results. Why?

[Ryabov] We had no legitimate grounds for deeming the elections null and void. Although it was perfectly obvious that there had been a whole number of violations connected with the formation of the campaign funds, but the Election Statute was compiled in such a way as to afford the broadest scope in the use of finances by the candidates and their associations to support their campaigns. Of course, the statute specified a mass of restrictions on the transfer of monies to the campaign funds. But no sanctions were specified in respect to those that did not create a fund. We cannot "scratch from the race" an association or candidate for this. For the statute specifies merely the right, not the obligation, of the candidates to form funds. If there is no fund, there is no account either. We ran into this once again, incidentally, during the repeat elections in Mytishchi, when a large number of the candidates declined the public funds allocated them for the campaign. They used their own money, a tremendous amount of money. And its origins are known only to the candidates themselves. All that we could and can do is make such facts public.

[Velikanova] How is financial backing for a campaign regulated in the draft law "On Elections of Deputies to the State Duma" that the Central Election Commission has drawn up?

[Ryabov] The draft says that in the course of the campaign parties and movements, as, equally, individual candidates also, must use only resources from campaign funds. Otherwise they could be barred from the elections. In addition, strict supervision of the funds themselves is envisaged—a candidate is required to notify the Central Election Commission in detail of any significant receipt, up to and including the address of the person or legal entity that has transferred the money.

[Velikanova] Following the elections to the local authorities, there were many scandals in a whole number of regions, and the results of the voting were frequently challenged in court. We did not hear at all here the telling word of the Central Election Commission. Should not the Central Election Commission have taken the initiative in this case?

[Ryabov] If you think that we are defending the honor of the uniform by glossing over crime, so to speak, you are mistaken. If we saw violations, we responded very quickly and in Amur Oblast we disbanded the commission, in Krasnodar Kray we removed the commission chairman.... As far as appealing against the results in court is concerned, the extent of the democratic character of elections is determined also by the actual possibility of lodging an appeal against their results in court. Many people availed themselves of this. But in the vast majority of cases, incidentally, they lost. If, however, we are speaking of the failure of local election statutes to conform to the constitution, which was, specifically, the case in St. Petersburg, we did not have the authority to cancel the elections.

[Velikanova] Gaps in legislation once again?

[Ryabov] Precisely. After the Law "On Guarantees of the Citizens' Election Rights" has finally been adopted, we will acquire the opportunity to act. But what is interesting is that those that have today censured us for inaction are now wondering whether the Central Election Commission will not have too many rights....

[Velikanova] You would not deny that you have undergone a political evolution. With what is this connected? We remember you, after all, as quite a conservative individual.

[Ryabov] It was clear to me after the April referendum that constitutional reform was needed. But my stereotypes, evidently, and, in a sense, narrowness of political perception did not bring me immediately to the idea of the abolition of one constitution and the creation of another. You will recall that when the Declaration of Independence was adopted, two paths were proposed: the first, the swift adoption of a new constitution, the

second, immediate reform of the old one and its "running in" under modern conditions in order that we might gradually arrive at the text of a new basic law. All of us, literally all, the president included, took the second path. But in time it became clear that the constitution was seen by a certain group of persons headed by Khasbulatov as property, as an instrument for the achievement of power. This was, of course, repugnant to my beliefs as a lawyer and as a respectable man. When I finally understood that the reform of the constitution pursued particular purposes—not the democratization of the country but restoration of the old orders—I had to sorrowfully renounce my former beliefs... and erstwhile associates.

[Velikanova] Nikolay Timofeyevich, is it not the case that as a result of constitutional reform there has, in fact, been a distortion, the only difference being that the powers have been arrogated to himself by the president?

[Ryabov] I will say this: The fact that we have a manifest tilt in the direction of the executive and a presidential republic is not the ill intent of the president and his associates. It is an appropriate response to the domestic political development of events and an aspiration to create preventive mechanisms that rule out the possibility of an impairment of the political situation in the country and the emergence of chaos. It is perfectly probable that in the course of society's development the need for certain revisions of the constitution will arise, specifically, where it deals with the delineation of authority between the branches of power. As far as the present day is concerned.... Well, let's be honest: If we are shouting that parliament is lacking in rights because the Duma does not have the command authority to check the mental health of the president, you will have to excuse me.... I am convinced that the present and, yes, the next parliament have more than enough work to do within the framework of the current constitution. For what is the main mission of the Duma? To write laws—is this not enough? But take a look at the agenda. All the time it wants to intervene in operational activity. I, for example, totally fail to understand why, say, it is necessary to hear as a matter of urgency Mr. Tuleyev on the state of affairs in Kemerovo, setting aside draft laws. And then we wonder why the president interferes in the prerogatives of the Duma and issues another edict.

[Velikanova] And have you never given any thought to the fact that people nurtured by the old system, by virtue of their stereotypes and way of thinking, are incapable of cardinally changing anything? This applies both to large numbers of the deputies and the president and his entourage, and not only them....

[Ryabov] What can you say, stereotypes are real. It is absurd to say that they do not exist. But there is, in addition, man's capacity for a healthy recognition of his past and the past of his country and his people. To draw on the basis of this the appropriate conclusion is not easy. Some can do this, others remain in the grip of their convictions, and then they are, indeed, incapable of

changing anything. Generally, all of us, I believe, still need, evidently, to mature to an understanding of what society today wants.

[Velikanova] And have you managed to rid yourself of stereotypes?

[Ryabov] How can I rid myself of what constitutes part of my personality?... Only by being born again.

[Velikanova] But it is, then, very hard for you, most likely, to work under the new conditions, so to speak?

[Ryabov] Very hard. But I have determined for myself that the vector by which the country is moving has been correctly chosen. It is impossible, of course, to become reconciled to the huge blunders and miscalculations that are being made, whether from ignorance and inexperience or by design. But should we because of this change the vector and cry: "We will take a different path"? I believe not.

This, I repeat, is what N. Ryabov, chairman of the Central Election Commission, thinks and says. But everyone may evaluate what he has said for himself.

#### Gaydar Interviewed on Political, Economic Views

954F0333A Moscow OBSHCAYA GAZETA  
in Russian No 45, 11 Nov 94 p 9

[Interview with Yegor Gaydar, chairman of the "Democratic Choice of Russia" Party, conducted by Pilar Bonnet, Moscow correspondent of the Spanish newspaper PAIS; Igor Malashenko, general director of the NTV television company, and Igor Klyamkin, professor and head of the analytical center of the "Public Opinion" Fund: "Mr. Reformer." Interview followed by postscript with comments of interviewers]

#### [FBIS Translated Text]

#### Shortage of political time

[Klyamkin] You belong to a group of politicians for whom the political present and future depend to a significant degree on the preceding period. At the start of your activity, you evoked sympathies among many people thanks to your political courage: You found the strength to go practically against everyone and, if we speak broadly, even against the country. It seems to me that, on one hand, you are a man of principle, and on the other—you have had to retreat, making allowances for life. If you had to do it all over again today, where would you make the correction: Toward a more consistent implementation of principles, or toward more closely following the logic of life?

[Gaydar] This question may be broken down into several questions. Let us take, for example, the problem of privatization. The idea of avalanche privatization, about which Piyasheva spoke in her time, is absolutely irrational. Privatization is making deals with property. What was done in Russia is absolutely unprecedented, if only by the volume

of work, by the volume of operations. Just try to formulate the problem of inheritance alone. And imagine that 2-3 weeks before the start of liberalization of prices you must implement total privatization in Russia. You will get nothing but complete chaos. I am convinced that it was impossible to implement privatization in Russia any faster or more radically. As for the liberalization of prices on power resources, I, of course, would opt for this if I could. However, the political realities of January 1992 were such that, in reality, we were struggling against efforts to force us to retain state regulation of prices on metal, and on plastics, and on meat and dairy products, and on everything that the other post-soviet republics retained. Which is why, I might add, their market never worked out. In this situation, no one except my friend and colleague Sergey Vasilyev even tried to defend free prices on power resources.

And one thing that is really very serious and sad is the fact of the existence of the problem of the political time allocated. When I came, I was convinced that I had been allocated very little time for radical changes: Half a year, in the best variant about 8 or 9 months. Then you find yourself entangled in a colossal set of emerging problems, conflicts, lobbyists, etc. The most that is possible in such a situation is to retain that which has been achieved. It is difficult even to speak of moving ahead. Unfortunately, in the period of maximal political freedom of maneuvering, we did not have the full set of institutions necessary for normal management of the economy, and especially the monetary sphere. We formulated them as we went along. What do I think today was the greatest weakness of our policy at that time? Probably, the weakness in the cadres. Both locally, and in the ministries and departments, a huge number of people were retained who never accepted reforms and who did everything possible to discredit them. This, undoubtedly, was not a simple problem, and demanded much more attention and effort which, perhaps, we should have taken away from purely economic questions. If I were today re-distributing my efforts at that time, I would give more attention specifically to this.

**[Klyamkin]** Was your retreat in the summer of 1992 associated only with political factors—the resistance of the Supreme Soviet, or with the resistance of the economic system?

**[Gaydar]** Of course, with the political resistance of the Supreme Soviet, with the fact that the Central Bank was in reality subordinate to it. At that time we did not have the instruments which the president and government have today. Reality changed strongly even after the April referendum of 1993, when the Central Bank became loyal to the government. And after October of 1993 the possibilities became entirely different. If you look at the policy of governments which have decisively embarked upon the path of reform, you will see that the corridor is really rather narrow. Both we, and the Latvians, and the Estonians embarked upon the path of liberalization of prices, rather rapid convertibility of the national currency, a rapid start of privatization, rejection of the state

order and fund distribution of production, etc. And further, everything depended on how we were able to realize all this. And, for example, while in Lithuania and in Russia, where this policy was milder, we encountered continuing inflation and continued decline in production, in Estonia and Latvia everything went more or less according to plan: In the first year there was convertible currency, in the second year—stoppage of inflation, and in the third—growth of industrial production.

**[Klyamkin]** I and many others at that time were confused by the following: You began the retreat, but publicly announced that the course was continuing and that nothing was happening. What was this associated with?

**[Gaydar]** That is not quite so. If you will recall my first speech in the Supreme Soviet at the beginning of September 1992, there I spoke most definitely both about the retreat, and about its danger, and about the need for a stricter policy. I might add that as of September we began making this policy more stringent, and by November we had sharply curtailed the growth of the money supply. September-October-November were deficit-free and this, in turn, was reflected in the dynamics of the course of the dollar, which in November began to drop.

**[Klyamkin]** Your name is associated with the policy which is called democratic. As a result of this policy, whatever one's attitude may be toward it, there was a departure by the popular masses from the ideology of democracy, since their interests were very seriously infringed upon. Do you feel some responsibility for this?

**[Gaydar]** Naturally, I do, but there are objective and subjective components here. The objective component is obvious: The second elections after the start of reforms were almost everywhere won by their opponents: The communists or the nationalists. Why? Because everywhere in the post-communist countries reforms began with a crisis, and not with a favorable situation. Because socialism was falling apart where the old regime had fully expended all its resources. The democrats, coming to power, were doomed to assume responsibility for the reforms, for the very difficult period in the life of society. And society, strictly speaking, is not obligated to understand that this responsibility and their weight are inevitable. And this is the objective basis for the backlash. The peculiarity of Russia lies in the fact that this backlash is much more dangerous. The reformist communists of Hungary, Poland or Lithuania are one thing, but the national-communist coalition in Russia, which is capable of overwhelming the unstable democratic institutions, is quite another. What to do in this situation? Our choice always consisted of the fact that, if we have such conditions, we must maximally wait for the period of transformations, ensure the prerequisites for stabilization and growth according to the market principle and, when economic growth begins, this will allow us to hope that this growth may become the shock absorber for social conflicts. Our strategy was aimed toward this end. I consider myself responsible for the fact that we were unable to create a political base for its implementation.



### A liberal of the Scandinavian type

[Bonnet] After the December elections, the democratic forces began to actively utilize political rhetoric characteristic for the "patriots." How can the average citizen distinguish when this is merely rhetoric, and when it is the real language, reflecting real political views?

[Gaydar] I would distinguish two separate phenomena: Defense of national interests and nationalist propaganda. If we speak of Andrey Kozyrev and the policy of the MFA [Ministry of Foreign Affairs], I have no serious complaints about it. I am deeply convinced that the Ministry of Foreign Affairs must defend the national interests of Russia. It must defend them in a civilized and rational manner, building friendly relations with the democratic states whenever possible, and not allowing transformation of the country into a military camp surrounded by barbed wire, as was the case previously, etc. In my opinion, there are absolutely no parallels with nationalism here. What we sometimes have occasion to see while sitting in the Duma is quite another matter. Hysterics, the desire to counterpose our own national interests to all other states, xenophobia, the search for enemies and conspiracies, the stake placed on power—these are the signs of aggressive nationalism and fascism.

[Bonnet] The search for conspirators—this too recently resounded in the words of the president after the decline in the exchange rate of the ruble. He hinted at the existence of a conspiracy.

[Gaydar] In any case, not a "Jewish-Masonic," Japanese or American one. At worst, the conversation centered around a conspiracy of commercial banks. Well, in this case I do not support the position of the president. If our economic policy since April quite obviously led to the sharp destabilization of the currency market, if monetary emissions were thrown out in June-August, even children of pre-school age who are unfamiliar with the theory of conspiracies could understand where they would be headed. Therefore, the hypothesis of a conspiracy is excessive. If the market is destabilized, there will always be commercial structures which will play on decrease and increase. But the reason lies not in them, but in the destabilization of the market.

[Klyamkin] Before, this rhetoric about which Pilar spoke was not used. Today it is being used (although, we must note, not by you). Should we understand this to mean that today it corresponds more to national interests?

[Gaydar] We have experienced a fully understandable period of romanticism of a young democracy. For decades, we lived in the intellectual atmosphere of a castle under siege, surrounded by enemies. The regime fell apart (and we might add, of its own accord, with only a slight nudge), and the first thing that happened was a changing of the signboards. To change, as in Orwell, the formula of "four legs is good, but two legs is bad" to "four legs is bad, but two legs is good" is much easier than to understand the complexities of the current world.

In the attitude of the West toward Russia, toward Russian reforms at the end of 1991-1992, there was a certain romantic, enamored period. This may be compared to a romance, when two people are trying not to tell each other about something unpleasant, including about some disagreements on some subject. But such a romance cannot last forever. It naturally falls apart either into blind hatred or into normal partnership relations of long-term spousal life. And so we are going in the direction of this normal spousal life. When we understand each other and recognize that we have a common responsibility for stability in the world, and at the same time rather serious differences in our approaches to various questions, which must be peacefully resolved. In other words, there is a natural evolution of mutual relations between Russia and the West. This, I might add, does not mean that in the course of this evolution there are not things which seem to me to go beyond the scope of the normal trajectory, which are reflected in the traditions and rhetoric of the old world.

[Bonnet] It would be interesting to know your point of view on the problem of corruption. At the beginning of 1993 I spoke about this with Yuriy Boldyrev, and he told me that the government is not doing anything in this direction. What are the dynamics of your position in regard to corruption, if we compare that which was happening when you were in the government, and now?

[Gaydar] For me it was never any secret that people steal in Russia—it has been that way for centuries. Therefore, for me the question of the struggle against corruption was always posed most radically. You probably know that there is even a specific economic discipline—the economics of corruption. And so, it follows from it that corruption is associated with excessive state regulation—that means it is necessary to curtail it. After all, in order for an official to be able to take bribes, he must divide something, give benefits, permission, quotas, preferential credits, subsidies or subventions. Our trouble is that the process of denationalization was stopped as if in mid-leap, and the reverse expansion of excessive regulation was undertaken. Of course, we must fight corruption also in entirely specific cases, but it is principally important to achieve the elimination of its economic base.

[Bonnet] Do you believe that if we remove the excess intervention of the state in the economy, corruption might disappear by itself, without any special measures?

[Gaydar] Not that it may, but that it really will disappear. I remember how many campaigns and verifications against sheltering of goods there were. For me, the tragedy of the sales clerk who, in response to the question of whether there is anything in the storehouse, answer with tears in her eyes that everything is out on the shelf, reflects as if in a drop of water the problems of Russian corruption. As for specific cases of fighting corruption, we implemented several measures which were very important.

The first thing we did upon coming to power in 1991 was to tackle the most dangerous sphere—trade in oil and petroleum products. By the end of 1991, the competing union and Russian governments had handed out licenses for the export of oil in a volume of approximately 2.5 times greater than could be exported. Based on the situation as of November 1991, licenses on oil made it possible to turn one ruble into one dollar, with a market exchange rate of 170 rubles (R) for one dollar. We annulled all the quotas and licenses, implemented re-registration, and retained the quotas only for producers who needed money for equipment. At that time, many did not understand the wave of hatred against our government. After all, we had not really done anything yet. But it was associated specifically with these measures.

[Klyamkin] Don't you get the feeling that the political time of current power—of the president as well as the government—has already been exhausted? That they are in a vacuum, and that prolonging their stay in power may lead to a dangerous development of events?

[Gaydar] In part, I will agree with the problem: Yes, it does exist. Look, Yeltsin entered 1994 with a great resource of popularity. I left the government after having tried to convince him several times that now was the time to make use of this resource and to react to the December elections in a non-standard manner: Not by slowing down the reforms, but on the contrary, by achieving stabilization of the economy sooner, in 1995. I left when I could not convince him of this. The lessons of 1994 have confirmed all of this precisely. Further, we find ourselves at a crossroads. The government has adopted a risky but justified program. It is giving the chance to have time to do something. If today the power is "nudged," there is a colossal risk that this will not be in the interests of democracy. For example, we are supporting the vote of no confidence in the government. We are appointing a new premier—"a strong economic manager." He has not had time to suffer all the bumps and bruises which Chernomyrdin has already suffered. He is still like Chernomyrdin was in December of 1992, when he was planning to build "a market without a bazaar." Well, and so what? It takes no brains to return our economy in three months to the position it was in at the end of '91. Just do the first five things that your directorship experience tells you to do.

[Bonnet] What do you think, is the president now ready to accelerate the rhythm of reform? Has there been a turn toward more decisive actions in his consciousness?

[Gaydar] I would not like to discuss the state of the president's consciousness. In politics there is nothing definitive, once and for all. It consists entirely of daily clashes and decisions. So, the government adopts a decision, and already tomorrow a group of people go to the premier or the president and say: Who could have thought of such silliness, how can we take such an irresponsible approach, etc.? How long the premier and the president will be able to withstand this will be decided only on the basis of experience.

[Malashenko] Are you not worried about that wave of governmental changes which is taking place today? Specifically, how do you and your faction perceive the appointment of Nazarchuk?

[Gaydar] We have perceived it badly. After the speech by the premier, the faction decided to support him and to vote against the vote of no confidence. Then the government would have received in its support not 55, but, say, 120 votes. But after Nazarchuk's appointment, we simply could not raise our hands to vote.

[Bonnet] Your politics are called liberal. Do you also consider yourself a liberal politician?

[Gaydar] If by the broad historic sense, then we must understand that the word "liberalism" has a different meaning in a different historical-cultural context. Even today, "liberal" sounds differently in the USA, in England or, say, in Scandinavia. We are liberals sooner in the Scandinavian sense of this word.

#### Democrats unite only under threat of being shot

[Malashenko] You are practically the only one of the leading Russian politicians who affirm de-facto that they do not see an alternative to Yeltsin in 1996. However, for example, the surveys conducted by the "Public Opinion" fund show that the tendency for the president is quite alarming. How can we explain your stake on Yeltsin?

[Gaydar] First of all, I really do not remember where, when and how I expressed such a position. I am sure that I never announced that there is no alternative to Yeltsin. When I am asked about the prospects of the elections in 1996, I always say that the situation is very dynamic, the level of trust in all politicians is not high, and that to predict something for 1996 is to a large degree like trying to read coffee grounds. For us, for the "Democratic Choice of Russia" Party, the question of the candidacy for the presidential elections will be resolved at our congress in the Fall of 1995. Until this time, there may be the personal discussions of Yushenkov, Zolotukhin, Gaydar, and someone else. For the present day, I see one thing: In spite of all the problems and negative trends which exist, for the present day Yeltsin is the most well-known democratic politician and the one who enjoys the greatest trust—despite the huge problems of which I am very well aware. This is a fact which cannot be ignored.

[Klyamkin] How politically realistic is the idea of the "uniform democratic government" today?

[Gaydar] We are ready to support this idea.

[Malashenko] By the way, about the problem of unification. A stereotype of its perception has been formed: Here are several people of about the same age group, with similar education—Gaydar, Yavlinskiy, and Boris Fedorov, who despite all this simply cannot unite. There is the problem of leadership which is well-known in politics: It is crowded for three bears in one den. On the other hand, by yourself you might be politically "stifled." Aside from

the problems of leadership, are there any basic, fundamental reasons which stand in the way of unification, at least within the framework of this triumvirate?

**[Gaydar]** I do not see any such reasons. Our position is exceedingly simple: We were ready for unification in the Fall of 1993, and there were such proposals from our side. They were coordinated at the expert level. At the last moment, when we met: I, Yavlinskiy, Shakhrai and Popov, who was representing the RDDR [Russian Movement for Democratic Reform], it became clear that neither Yavlinskiy nor the PRES [Party for Russian Unity and Accord] were ready to sign the agreement, and then Popov also refused to do so. We were left as the only ones who were ready to really create a democratic coalition according to common rules of the game, to promote common deputies in the majority okrugs, etc. We are ready today and tomorrow to create a unified democratic faction within the Duma. We are ready, if this is the will of our colleagues, to create a coordinating council of democratic factions. It is easier to come to agreement on such things with Boris. With the "Yabloko" block, unfortunately, it is more difficult. It seems to me that "Yabloko" has a certain position whose essence consists of a desire to retain its impartiality to what is going on. This is where their apprehensions regarding the possibility of serious coalitions with us stem from. Remember the December elections: Many democratic electoral blocks spent most of their campaigns on polemics not with Zhirinovskiy or the Agrarians, but with "Choice of Russia," sincerely believing that they would win much from this. But they did not win.

**[Malyashenko]** That is a sad answer. Because your enemies interact much better. The meaning of your response is that, yes, there is a problem, but we are not to blame. But when the time comes, it will not be any easier for you because of this.

**[Gaydar]** It is not easy for me now. In fact, experience tells us: Democrats interact effectively only in one situation—when they are under the direct threat of being shot in the next 48 hours. As soon as it becomes clear that this threat is forestalled for several months, cooperation once again becomes extremely difficult. If we extract positive experience from this, I hope that the recognition of the historical breakthrough associated with the future elections will nevertheless come to our colleagues, and that they will agree to accept our proposals.

**[Malashenko]** Assuming the role of the "devil's advocate," I will risk making the following conclusion: It is profitable for the democrats to create a situation in which there supposedly exists the threat of being shot in 48 hours. And if the danger of losing is real, you will create such a danger.

**[Gaydar]** I would say just the opposite. The fact is that after victory, as experience shows, democrats once again become divided in exactly 48 hours. Why create a situation of extremal crisis in order to unite for 48 hours, and then to once again go in different directions for several months?

**[Malashenko]** But the elections for president may be held in these 48 hours.

**[Gaydar]** Let us look at examples taken from life. I remember very well how we gathered in a big democratic meeting on the eve of the impeachment votes in March of 1993. There was a very great readiness for mutual understanding and cooperation due to the recognition of the reality of the threat associated with the impeachment vote, with the coming of Rutskoy to presidential power, etc. Of course, we may say that impeachment was most necessary for the democrats, so that for 48 hours Gaydar, Shakhrai and Yavlinskiy would like each other. But it seems to me that this version holds water to a much lesser degree than even the "protocols of the Zionist wise men."

**[Malashenko]** Let us speak about your faction. It is strange somehow: It has, for example, Mikhail Nikiforovich Poltoranin, who very willingly converses in the language of national-patriotic rhetoric, and it also has the scarred veterans of the battles for democracy Ponomarev and Yakunin... In any case, one gets the impression of a certain conglomerate. What lies ahead: Will there be splits or, on the contrary, a mutual drawing together?

**[Gaydar]** Talk of a split in the faction has been going on since January of this year. However, it has not split, and only a few people have left it. It is able to develop a general position on principle questions and to implement it with sufficient solidarity. Then again, there are questions on which we are unable to agree—this unity has its limit. However, for me it was surprising that a large part of the faction supported the idea of creating the DVP [Democratic Choice of Russia] Party, i.e., that they in fact agreed to bind themselves with a party discipline, despite the very different past of the people comprising it. What will be in the future remains to be seen. This will depend on the development of the political situation.

**[Malashenko]** In a year you will be making the decision about your position in the presidential elections of 1996. Your prognosis: In what economic situation will this decision be made?

**[Gaydar]** This prognosis bears the character of a scenario. Today the government has presented its program. You know my position on this. Here are several additions to it. The program would have serious chances of success if its realization had begun in late '93 - early '94: With a large currency reserve, a large resource of political time and low inflationary expectations for Spring of '94. Today, as I have said, it seems justified, but at the same time extremely risky. There is no reserve for further compromises. All the possible concessions (such as those funds which were allocated for financing agriculture, etc., which is what led to "black Tuesday" and the acceleration of inflation in the Fall) have already been made. Any further concessions would turn this plan into an irresponsible venture. If the government is unable to refrain from them, then I categorically withdraw my support of this plan. If there is a further



increase in the already large (7.8 percent) budget deficit, then the entire plan is not worth a brass farthing. Will the government be able to pass such a budget through the Duma? I am not sure. If not, then will the government, allocating on a monthly basis one-twelfth of the planned budget expenditures (this is possible under the law) hold on within the scope of its announced policy and ensure stability? If so, that is wonderful. Then there is a chance that as of the end of '94 the exchange rate of the ruble to the dollar will be stabilized. That it will be possible to change over to a fixed exchange rate. That by the end of Spring of '95 we will realize a sharp reduction in the rates of inflation. That by the Fall of '95 we will have the prerequisites for stabilization and growth in the level of investments in the Russian economy. This is an optimistic, but entirely probable, scenario. But it requires precision in the work of the government, precision in the work of the Central Bank, and the presence of political support. It is very easy to veer off of this course by means of additional concessions. Then we will get a higher budget deficit and it will rapidly become clear that it cannot be financed at the expense of domestic loans. Then the interest rate will not go down and expenditures for servicing the debt will be prohibitively high. The government will have to return to the practice of emissions financing of the budget deficit. It will have to reject a fixed exchange rate, and this may be the background for entry into very high and dangerous inflation. I would like to hope that the first scenario is more probable—the chance for this exists.

[Bonnet] But what will happen if the very worst moment in the economic situation of Russia coincides with the moment of the elections?

[Gaydar] The situation here is simple: The democrats, in order to have a chance in the elections, need at the very least a decent economic situation. Their opponents, who live according to the principle of "the worse, the better," need just the opposite. In this situation, not even Fedorov or I, and not even Yavlinskiy can turn around and prove that "I do not answer for this."

[Bonnet] Are you in favor of holding the elections on time, regardless of the situation, or not?

[Gaydar] Yes, I am in favor of holding the elections at the scheduled time. The presidential elections—without any doubt, because there are no constitutional forms which allow us to change these times. With the parliamentary elections I am more flexible: There are a number of constitutional reasons allowing them to be held at different times, specifically sooner. Here, as they say, life will show us. The main thing is that this be done according to the constitution. Democrats must believe in democratic procedures.

#### Postscript

Pilar BONNET, Moscow correspondent for the Spanish newspaper PAIS. This discussion once again convinced me that Yegor Gaydar is primarily a man who is wholly

and entirely devoted to his principles. His strong belief that he is right is such that, when he says "truth is with us," he does so in passing, as if being convinced that this is just as obvious to everyone else. Gaydar calls himself a liberal of the Scandinavian type, but I believe that his behavior and his roots are deeply Russian. Gaydar's statement that it is necessary to maximally compress the period of transformations, to utilize the economic growth as a shock absorber for social conflicts, seems to me to be strictly Russian. This phrase, in my opinion, contains much more Russian risk than cold Nordic calculation. It was interesting for me to once again become convinced of the fact that the basic factor in defining the strategy of reform in Russia remains the will of the political leader. Gaydar never lost connection with Boris Yeltsin, although the degree of his influence on the president has changed.

Igor MALASHENKO, general director of the NTV television company.

Yegor Gaydar is one of the most "closed" Russian politicians. It is practically impossible to "cut him to the quick," and to motivate him to any semblance of frank discussion. It is like he is surrounded by a wall of mirrors, which reflects all efforts to see the "real" Gaydar. This quality of his far surpasses the ability of any politician to evade questions. Gaydar is an absolutely self-sufficient, and therefore air-tight, personality. It seems that the fathers of the church also belonged to this type. For a politician this is perhaps not the best means—in essence, we are speaking about a predisposition toward radicalism. Radicalism, among other things, presupposes that a politician has no serious internal limitations on the desire to realize his goals. And Yegor Gaydar does not give the impression of a man who has such limitations. He is a demagogue, ready to create the world "from himself." That is why the word, "democracy" on his lips seems at times not quite appropriate.

Igor KLYAMKIN, professor, head of the analytical center of the "Public Opinion" Fund.

Yegor Timurovich is first of all an economist, and not a politician. As an economist, he is guided by certain principles which he considers correct, and this gives him the strength for bringing them to life, helps him acquire fearlessness for implementing clearly unpopular actions. But herein is also Gaydar's weakness. The dictate of principle over life, the future over the present, presupposes dictatorial power. Under democracy, even a very truncated one, it is impossible. In the best case, it requires political coverage on the part of the leader who enjoys the confidence of the people. Gaydar was able to become who he became in 1992 only in connection with Yeltsin. But since the latter was forced to react to the signals coming from life, Yegor Timurovich also had to react to them. In the Spring of 1992 he was faced with a choice: Either to remain true to his principles and retire, or to retain his office. Having chosen the latter (for a man whose power lies in his trueness to principles, this is

hardly justified), he doomed himself to trying to conceal the retreat which had begun and even to direct untruth—I am referring not to the Fall, but to the Summer of 1992—regarding the fact that the course of reforms was continuing. Moreover, the desire to play a notable political role which is retained to the present time dooms him to silence about that untruth even today.

All this taken together allows us to conclude that the fate of Gaydar as an economist-reformer depends primarily on the political fate of the current president. This, probably, is not the last factor in determining the current political behavior of Yegor Timurovich. His chances for an independent political role in post-Yeltsin Russia are very slim.

### Regional Elite Gain Political Clout

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in Russian 9 Nov 94 p 3

[Article by Anna Ostapchuk and Yevgeniy Krasnikov: "Regional Elite Press Sector Lobbyists: Deputy Federation Council Chairman Anatoliy Dolgolaptev and New Minister of Agriculture Aleksandr Nazarchuk Know What To Do"]

[FBIS Translated Text] Additions were made recently to the structures of supreme Russian authority representing two influential "interest groups." Anatoliy Dolgolaptev—one of the strongest "regional politicians"—was elected to the position of deputy chairman of the Council of the Federation, and Aleksandr Nazarchuk, a representative of the agro-industrial complex, took the post of minister of agriculture. These appointments provide a basis for the presumption that a regrouping of forces "up above" has taken place which shows certain curious trends.

Even the casual observer can see that Mr. Nazarchuk's appearance in the government significantly strengthens the influence of the agrarian lobby. It is well known that agrarians were quite dissatisfied with the activity of their representatives in the executive authority. Former Minister of Agriculture Viktor Khlystun was considered a Democrat and virtually a "traitor to peasant interests," while Deputy Prime Minister Aleksandr Zaveryukha was suspected of conciliation. Last August, after Mr. Zaveryukha refused to support the demands of participants in the All-Russian Agricultural Assembly, the problem reached the stage of open confrontation between the deputy prime minister and the leadership of the Agrarian Party, of which he is a member. In a fit of temper some agrarians even proposed that the undisciplined deputy prime minister be ejected from the party, or at least be subject to party sanctions. Information immediately leaked out from Aleksandr Zaveryukha's circle that he was thinking about creating an alternative party of the agro-industrial complex. However, concluding logically that a quarrel would be damaging to all its participants, the deputy prime minister and Agrarian Party of Russia leaders issued a statement to the effect that there was no disagreement among them.

Quite clearly, Aleksandr Nazarchuk, nominated to this post by the Agrarian Party, is being assigned the role of "steam engine" in tandem with Aleksandr Zaveryukha. The chief mission of the new minister is to knock out budget funds for financing the agro-industrial complex. Since the state only fulfilled 35.4 percent of its financial obligations to agriculture in 1994, one can readily see that Mr. Nazarchuk has his work cut out ahead of him.

Strengthening the positions of "sector people" in the government is nothing new. As we know, the corridors of Russian power have long since hosted an incessant and desperate struggle between representatives of the military-industrial, agrarian, and raw materials complexes. Now, however, it would seem that a new force is entering the fray—the regions. Experts in the use and influence of lobbies note that until now regional lobbyism was "traditional" in form, emphasizing geographical ties, and so forth. Today, however, this situation is starting to change for the better. The Union of Governors of Russia has become a powerful instrument of regional influence, uniting regional leaders and making a number of significant decisions on the federal level, in particular—the edict on consolidation of the system of executive power and the Statute on Heads of Administration. It has been learned that the individual standing behind these successful regional actions is the president of the interregional association "Central Russia" and executive director of the Union of Governors, Anatoliy Dolgolaptev, now elected vice speaker of the Council of the Federation.

It is Mr. Dolgolaptev who has managed to "knock out" a very significant agreement on monthly meetings between the leaders of the Union of Governors and the Russian Federation president. At these meetings, the governors will exchange views with the president concerning drafts of various normative acts and decrees of the authorities, and will propose their own methods for solving problems proceeding from the experience and interests of Russia's regions. The Union of Governors has already proposed to the president a regionally oriented finance and credit mechanism for resolving the nonpayments crisis and managing the economies of Federation entities. In accordance with presidential directive, this will soon be reflected in appropriate governmental decrees. Private contacts of this type may increase the influence of the regions in the Kremlin's adoption of the most important decisions. It seems that all these successes guaranteed Mr. Dolgolaptev the required number of votes for his election to the post of deputy chairman of the upper chamber.

In the Council of the Federation, Anatoliy Dolgolaptev will be overseeing problems of interaction among the regions, questions of education and national culture. Also falling under his jurisdiction are matters of defense and security. Such a circle of responsibilities is entirely justified, since it is well known that Mr. Dolgolaptev has long-established ties with the military-industrial complex. We know he is developing a concept of framework



restructuring of the defense industry based on functioning financial-industrial groups, a concept to ensure its survival under conditions of inadequate financing from the state budget and the investments crisis.

From all appearances, the new deputy chairman of the Council of the Federation intends to participate actively not only in applied politics, but in the creation of a new ideology for Russia as well. His plans include development of a national doctrine which must be based on Russia's potential—"its great culture, fundamental science, and high-technology industry, its unique natural resources."

On the very eve of discussion of the 1995 draft budget, which espouses a rigid financial policy, agrarian and regional representatives have appreciably strengthened their representation in the power structure, affording these groups a chance to adjust the basic financial document taking their needs into account.

In evaluating the personnel changes that have begun to be made at the top, however, it should be noted that they illustrate two different approaches to the interaction between "interest groups" and the authorities. Whereas the agrarian representative is placing basic emphasis on the government's fulfillment of financial obligations to the agro-industrial complex, the regional representative has set himself the task of reforming relations between the center and Federation entities, which should in the end contribute towards consideration of the interests of all sides and facilitate the framework restructuring of the most important sectors of the economy.

#### Future Structure of Soviet Speculated

954F0328A Novosibirsk SOVETSKAYA SIBIR  
in Russian 11 Nov 94 p 3

[Interview with Nikolay Grigoryevich Krasnikov, chairman of the political council of the Novosibirsk regional branch of the Democratic Choice of Russia party and head of administration of the village of Koltsovo, and Viktor Yegorovich Kuznetsov, secretary of the oblast committee of the Communist Party of the Russian Federation and chairman of the Committee on Legislation of the oblast soviet of deputies, by A. Zharinov; place and date not given: "Political Council: What Are We Taking to the Elections? The Powers Are Authorized if They Can Do Anything"]

[FBIS Translated Text] Taking into account the wishes of political parties and public movements participating in the elections to the oblast soviet of deputies, the editors of the newspaper intend to conduct and publish political dialogue-discussions: "Political Council: What Are We Taking to the Elections?"

Today we are giving the floor to the chairman of the political council of the Novosibirsk regional branch of the Democratic Choice of Russia party and chief of the

administration of the village of Koltsovo, Nikolay Grigoryevich Krasnikov, and the secretary of the oblast committee of the Communist Party of the Russian Federation and chairman of the Committee on Legislation of the oblast soviet of deputies, Viktor Yegorovich Kuznetsov.

#### A Half Year in the Soviet: Pluses and Minuses

[Kuznetsov] What are the pluses? In the first place, the oblast soviet has begun to work actively as a representative organ, although there were suggestions, particularly from the head of the oblast administration, to wait until the next elections. Since the first session the deputies have been involved in legislative activity and preparation of the Laws "On Providing for the Activity of Deputies" and "On Local Self-Government."

[Krasnikov] I see among the "pluses" the fact that the soviet is small and not broken up into factions. We have not begun to divide up into any factions or deputy party groups, and we do mostly divide up into groups during the course of our work out of considerations of common sense.

[Kuznetsov] We have become more pragmatic....

[Krasnikov] And there are certain minuses in the "stratification of the administration chiefs in the soviet." This, incidentally, can be regarded as both a "plus" and a "minus." On the other hand, this is a "raid" on the principle of separation of powers and, it seems, sometimes it makes it possible for us to adopt dispassionate decisions. On the other hand it gives our soviet a certain groundedness, an objective knowledge of the situation: How correctly are the decisions that are made worked out in the local areas and are they needed?

The soviet now has a nucleus of active deputies who speak more frequently than others at the sessions or work a great deal in the committees. I include as a "minus" the fact that a number of deputies, because of their official duties, are not able to delve deeply into the documents and during the course of discussion do not immediately develop a position regarding one issue or another. The stratification of those who waver is significant.

[Zharinov] And the value of the decision and the productivity of the work of the session depend ultimately on how this is determined.

[Krasnikov] Yes, I think we have to work out many issues beforehand and the session should adopt certain fundamental, well-prepared decisions.

[Kuznetsov] The sessions used to be planned once a quarter. Practice showed that it is necessary to meet at least once a month.

[Krasnikov] We felt that in our committee on budget and tax policy. A very large number of important financial issues had to be discussed initially, before coming to the session. At the last meeting we discussed 22 issues! Even

if we had worked on them all day long it would have been difficult to make a decision without stopping to do some extra work.

[Kuznetsov] There is only one solution—to increase the amount of work done while relieved of other duties... I think that the deputies must come to the session for at least three days. And after it issues should be prepared for the future.

#### **"At the Level of Large and Small Matters"**

[Zharinov] Many readers are asking why more elections are needed. Why spend more money? Then they do not know who is running and who will be elected. Some of them have considerable doubts about the objectivity of the counting of votes and wonder whether it is worth voting at all...

[Krasnikov] At the present time 15 districts of Novosibirsk are not represented in the oblast soviet. The elections will make it possible—at least I am counting on this—to expand the social and professional base of the deputies. We are hoping for an influx of new forces in order to relieve the excessively large loads in our compact soviet to a certain degree. After all, certain committees have only two or three deputies.

It seems to me that we must now take into account the complicated socioeconomic and political situation in the oblast and, as much as possible, not call the people to any additional elections. For example, we have discussed the idea of restoring the rayon soviets in the city. Regardless of how much we would now like to raise up the representative power in the city, it seems to me that we could lose more by doing this. This would mean that we would have to hold elections again in those rayons where they have already been held. The representative organs in the rayons of the city are strategic; indeed there is no doubt about that, although the deputies in general rejected chapter 13 in the draft of the temporary statute because there is a danger that we might not be able to discern the moods of the masses. The people could simply ignore the elections.

[Zharinov] Clarify, please, what chapter 13 is.

[Krasnikov] It is the chapter on representative organs in the rayons of the city. It has now been removed, although the temporary statute contains certain aspects that disturb even the elected representative organs since they run counter to the edict under which they were elected.

[Kuznetsov] We take a somewhat different position. Of course we must "fill in" the rayon soviets in the temporary statute because over the year they have disappeared. Moreover, the administration today frequently rules without monitoring or supervision. There are cases of abuse of power in the distribution of funds, property, land, etc. Therefore we cannot leave everything as it is. This lack of control is ultimately dangerous to the authorities themselves. The apparatus has grown and the

authority turned over to it is immense...it is understandable that the oblast soviet cannot keep track of all this. There is no city assembly as such, and if there were could it handle the work when only 10 out of 25 deputies are present? Therefore the rayons need a representative power. Or else the very form of democracy will be lost, it will recede.

I see that since the elimination of this provision some of the administration chiefs, especially in Novosibirsk, are putting forth the idea of abolishing the representative power in the rayons altogether.

I think that elections are undoubtedly needed. The soviet needs specialists who are skilled and know economics and the law, ones who are capable of working, including on a full-time basis. Because it is indeed very difficult to work in the apparatus. I work on a permanent basis in the soviet and I feel that I am reached by voters of precisely those rayons of Novosibirsk where elections have not been held. And they have the most difficult issues. I cannot refuse anyone but I simply do not have the physical energy to handle this...we must elect deputies to the vacant positions in the districts and then the population will have the opportunity to have direct contact with them.

[Zharinov] In recent years, for well-known reasons, a certain part of the population has developed a prejudice regarding representative organs of power. One hears the sharp words: "What is the oblast soviet good for?! Do nothings!" And now you are telling us that it is hard work and that there is a large amount of it...try to refute this common opinion. What has been done by the current deputies at the "level of large and small matters" during this half year?

[Krasnikov] The soviet was able to begin work with the basic issues according to plan. We have considered the statute on local self-government. This is a very important issue—it is close to my heart professionally. The Law on the Budget Process was adopted on the first reading. If we finally enact it, we will have an optimal system for work with the budget and this will relieve a very great deal of tension: Practical workers know that 90 percent of the solutions to problems depends on normal interaction with the budgets of all levels.

It is a bad thing that, as before, our budget will be formed from top to bottom. Everyone is beginning to scare up money now: the governor, the chief of the village administration, etc. The budget must be open, the deputies should allow the administration no peace when monitoring expenditures of the nonbudget fund. So far we are still at the level of approaches, but if we manage to include in this deputy cycle a mechanism for deputy control, this will mean a very great deal.

[Kuznetsov] The existence of representative organs of power as such is a guarantee that the processes will be normal and peaceful, without bitter confrontation. The social tension in society is growing and the possibilities

of meeting the demands of the workers constructively, without complications, are associated largely with the activity of the representative organs of power.

[Krasnikov] In order for faith in representative organs to return it is necessary to report periodically on our "product" in the form of laws at the regional or federal level. We must have a permanent dialogue with the State Duma. Some of its draft laws are sent to us for approval. To be able to shout as far as Moscow and convince them through official channels not to include certain "superfluities" and "raw spots" in the laws, which will then have incomplete parts for several years—this is our task. According to that same Law "On Local Self-Government" the local authorities essentially have no rights. I know this. When, for example, local incomes have been siphoned or chipped away and they should have been used for our own needs.

#### **According To Merit, or What Kind of Authorities Are Needed**

[Krasnikov] It is probably easier for me to speak about this since I represent three levels of power: the village, the rayon, and the oblast soviet. I think we need power in the local areas that would have a set of duties for which it would be responsible. That is, according to merits. If responsibility is assigned, that is good, but there also must be levers to make sure that issues are resolved effectively.

People call me night and day regarding various issues. But, excuse me, when dogs in the village bite I cannot do any more than fine the owner a minimum wage because we do not have the corresponding oblast resolution...recently I had to go to the governor and request that he validate the city decree on dogs with his order. That is just an example.

There are not enough levers, and sometimes there is not enough authority either. For example, in budget affairs: When one or another level of power "cuts" it they do not ask and they do not consult. They do not have enough money and as a result the power is truncated. And if the administration chiefs and the soviet become even more passive, they do nothing to raise their level. And the people suffer as a result: when problems of transportation, the social sphere, or city amenities are being resolved.

I think that a dual power is needed in the local areas, undoubtedly an administration chief who is elected democratically by all the population. This, in the first place, would protect him from the higher bureaucrats and, in the second place, it would be a unique kind of "filter" for decency and professionalism. But it would undoubtedly be difficult for him alone to be responsible for absolutely everything. It is also necessary to have representative organs of power. But better models of it.

[Zharinov] Down to what level?

[Krasnikov] Down to the very lowest level, say, to the village level. In Koltsovo we used to have 32 deputies and now we have three. But the truth lies somewhere in the range of five to seven. I defended this figure previously but I did not win. Now the quota in the temporary provisions has been expanded, but the train has left. We discuss with the deputies the most fundamental issues of the budget, the parities of the village policy....

[Kuznetsov] Power, of course, is necessary: both executive and representative. If it has nothing, the attitude toward it is the same. Numerous meetings in the rural areas show that people do not always accept the power and they ask why it exists. There is a brigade leader who is in charge and that is enough.

In the eyes of the people, power is something that can resolve something. So far for us it has turned out to be the opposite. In the village of Neftyanikov in Moshkovskiy Rayon the elder has organized a market and collected taxes—R1 million. He reached an agreement with the population that this money would be used to build a public bath. And the rayon simply confiscated this from him because "it was not appropriate...." This is why we must have some mechanism for the power which would make it possible for self-government to develop.

[Krasnikov] I understand it like this: The possible of self-development must be granted to the territory as a whole. Even if it is under the administration, but under the control of the deputies or vice versa. But there must not be a pseudo-division whereby there are two legal entities working in parallel with the market and other spheres.

[Kuznetsov] Today the situation with self-government is extremely difficult. On 15 September the oblast soviet adopted a decree on the procedure for its organization and I.I. Indinok signed it. But up to this day we are receiving phone calls from the rayons from deputies who know nothing about the document. Such signals have come, for example, from Karasuk and Barabinsk. People are wondering whether the statute has been adopted. We answer: It has been adopted! And it has been sent out to the chiefs of the rayon administrations. They have not yet put this mechanism on line because they have too many problems....

[Zharinov] Tell us, in which rayons do representative organs already exist?

[Krasnikov] A representative assembly has been held in Novosibirskiy Rayon...but, unfortunately, far from everything about it was clearly written down in the temporary statute....

[Kuznetsov] Many rayons have not yet formed representative assemblies. The reason is the unwillingness of the administration chiefs to work on these issues.

Or in some places they have been formed in a strange way, for example, in Karasuk some of the deputies have been excluded from the assembly altogether.



The representative power is a power delegated directly from the people and we must make sure that such a power exists.

#### **The Platforms Exist But There Will Be No Factions**

[Kuznetsov] Our main program position is strengthening democracy and the role of representative organs in the system of separation of power. We will have to solve the main problem—the structure of state power in the oblast. How and by which means?

The draft law now proposes two models: presidential and parliamentary. The presidential one is a rigid structure: the president—the heads of the administrations of the oblast and rayon. And there is a parliamentary model which presupposes the election and appointment of the chief of the administration. Right down to hiring him under contract. This can take place in various ways at various levels, but in any case the administration chief must be accountable.

We were recently visited by some Americans who asked the question: "Who will you elect as governor?" I answered: "Why must we now have all the population elect a governor? That is wrong. We have elected people by the whole population or, rather, the whole party. Gorbachev, and then Yeltsin. And then after the elections we cannot influence the president because he was elected by all the people. He must be responsible and easily removed from his post."

If the chiefs of the rayon administrations are elected then, understandably, the rigid presidential model will be "suppressed." As soon as it appears, it will be established for many years, and everything and anything will be under the jurisdiction of one person. And there will be no other significant possibility for the representative organs to have an impact on this system. It will actually be above all organs of power.

Hence the importance of the problem of the development of democracy.

[Krasnikov] I.I. Indinok stated at the session that the administration chiefs should undoubtedly be elected in order for the executive power to be answerable to the population. On the other hand, it must be placed within a certain strict framework. I agree with this. But we must be elected according to strict, unchanging rules, according to a special constitutional law under which political parties and public associations would also prepare for the elections. I think we will live to see this.

Our party has nominated several candidates for deputies of the oblast soviet and city assembly. Their position, in the large picture, amounts to going to the soviet not in order to achieve certain political goals through factions but above all to resolve key issues of the territory—of our region, oblast, city, and rayons. I would single out here questions of the development of the budget and tax policy and the course toward democratization of local self-government.

We must explain to the people that if you want a normal form of representative power you must elect it. As the current joke goes, poor deputies are elected by good voters who did not get out to vote. I would like for the voters to understand this and manifest civic activity.

#### **New Minister Gryzunov on Media Issues**

954K0395A Moscow LITERATURNAYA GAZETA  
in Russian No 45, 9 Nov 94 pp 1-2

[Interview with Sergey Gryzunov by A. Gasparyan; place and date not given: "Minister Sergey Gryzunov Against a 'Ministry of Truth'"]

[FBIS Translated Text] A new leader of the Committee of the Russian Federation for the Press was appointed last week. He is the professional journalist Sergey Gryzunov, candidate of historical sciences. The new leader is 45 years of age. He worked for 25 years at Novosti and was twice assigned as a correspondent to Yugoslavia (on the last occasion from 1990 to 1994). All this time he wrote for LITERATURNAYA GAZETA, IZVESTIYA, MOSKOVSKIYE NOVOSTI, and NEZAVISIMAYA GAZETA in addition to his own agency and appeared frequently on television and on radio. He had since April 1994 been deputy minister of the Committee for the Press.

[Gasparyan] A new broom sweeps clean. What changes in the policy of the Committee for the Press await us?

[Gryzunov] The committee should, in my view, concern itself with the formulation of a conceptually formalized information policy.

What do I mean here? First, with ensuring the constitutional right of everyone to freely seek, obtain, transmit, produce, and disseminate information by any legitimate means. A conceptualized official policy in the sphere of mutual relations with the mass media recognizing in practice the sovereignty of the media is essential. We should help provide the federal authorities with reliable information on events in the world and in the country and on the response of the media and the public opinion that they reflect to government and other authoritative decisions, increasing the actual predictability of policy as a factor of the formation of a stable society.

I believe that the department should change from being a supervisory and distribution department to a government information and analysis body that exists in any civilized society.

[Gasparyan] How is the fate of the opposition press shaping up?

[Gryzunov] It is essential to divide the opposition into the constructive and the so-called irreconcilable. The opposition has its own news media, registered with our committee, incidentally. If they operate according to the News Media Act, we will have no complaints against these newspapers. But if the law is broken, which is what the newspaper ZAVTRA, for example, does with just

about every issue, it will be necessary to investigate such publications in the established procedure. A lawsuit will take place on 5 December in a district court on the closure of ZAVTRA. Unfortunately, our legal structures are responding very limply to the frankly anti-social actions of such newspapers. We had thought that the ZAVTRA proceedings would have had extensive social repercussions and that they would have been considered by a court of a higher jurisdiction. Officials from the field of law reasoned otherwise: The case was sent down to a district court. Yet how long we will still have to be building a state based on the rule of law will depend on the judgment of the court and whether or not a precedent is created. If publications of a certain type can continue to call with impunity for the overthrow of the existing system and incite interethnic discord, and the judicial authorities pretend that nothing has happened, it will be more appropriate to speak here not about a state based on the rule of law but about legal turmoil. So the question of the newspaper ZAVTRA is a question of a clash of two different positions in our society.

I believe generally that it is necessary to add stricter addenda to the Russian Federation News Media Act. And it would be preferable to combat its transgressors not with methods of cautions and closure, what is more. What is needed is a system of impressive multi-million (if we are speaking in terms of rubles) fines which not one current party and not one political movement that has set itself anti-constitutional aims could withstand. Instead of an imitation of law-making activity, we should be switching to the drafting of a law on the fundamentals of official policy in the sphere of the news media.

[Gasparyan] How will relations with the State Duma Committee for Information Policy and Communications be organized?

[Gryzunov] Various people work there, so, naturally, variously. Some deputies are trying with might and main to push through a number of anti-democratic bills that could reduce to nothing overnight Russia's gains in regard to freedom of the press. We have fundamental objections, for example, to the bill on state support for the news media prepared by this committee. This and other bills born in the Duma would in principle be rejected by the majority of chief editors of national newspapers, the Journalists Union, and groups of experts composed of journalist professionals. We have not succeeded even by joint efforts in persuading the deputies of the State Duma of the erroneousness and anti-democratic character of the very ideology of these bills. Well, the Federation Council and the president ultimately have the final say.

As far as our committee's place in this law-making process is concerned, I see as task No. 1 the preparation and presentation to the Duma of the draft law "On the Fundamentals of Official Policy in the Sphere of the News Media" stimulating a civilized version of the

development of an independent press. This is truly a fundamental law, following which other legislation in this field would be perfectly appropriate also. It is essential also to give thought to the creation with the help and the participation of state capital of information publishing and broadcasting concerns and various forms of ownership.

As far as a national fund for the development of the news media, the beloved creation of Mikhail Poltoranin, is concerned, I will say here what I have always said. It is not simply a question of a tendency toward the unprecedented concentration, wholly impermissible for a democratic state, in single hands of the news media and every conceivable method of direct and indirect influence on them. It is essentially a question of the transfer under monopoly control of the entire information domain of Russia (in the form of the direct ownership and management of state property, the establishment of "rules of the game" with the press, and so forth) to a structure with an odd "quasi-official" status: regulated neither by the state nor the civil society nor, even less, by the media themselves, but manifestly predisposed toward conversion into a "supra-power." Its appearance in the proposed form would signify inevitable oppression and a disruption of the normal functioning of the state, the system of the news media, and the civil society. Mikhail Niki-forovich is acting here as the ideologist of a new monopolism that is far more dangerous than the former party-state monopolism. It is not hard to imagine how this could threaten our as yet very fragile democracy.

[Gasparyan] What will happen to the so-called central press?

[Gryzunov] I am well aware of the subscription situation. Unfortunately, the economic position of the majority of publications is such that no one can maintain multi-million print runs. We have serious accrued experience and perfectly specific proposals for the president and the chairman of the government, whose realization would permit us to engage mechanisms and create conditions of work for the editorial staffs whereby they could exist normally.

## REGIONAL AFFAIRS

**Appeal on Revoking Milli Majlis Law Rejected**  
954F0367A Kazan KAZANSKIYE VEDOMOSTI  
in Russian 19 Nov 94 p 1

[Article by V. Smirnov: "Appeal Denied"]

[FBIS Translated Text] Last Tuesday the Supreme Court of Tatarstan denied the appeal of the national parliament—the Milli Majlis—of a decision of the Vakhitovskiy Rayon Court, Kazan, repealing the law on establishment of the Milli Majlis, adopted at the All-Tatar Kurultay (council) in February 1992.

Arkadiy Sychev, presiding at the court session, stated that the law establishing the national parliament is itself unconstitutional, insofar as the Supreme Soviet is the only body in Tatarstan that can adopt laws. Thus, the activity of the national parliament is legally terminated.

Fauziya Bayramova, chairman of the Milli Majlis and deputy of the Tatarstan Supreme Soviet, commented on the situation as follows:

"We could immediately appeal to the International Court in The Hague, but since all our law enforcement organs—including the courts—are under Russia's jurisdiction, we will appeal to the Russian Federation Supreme Court. We are very hopeful they will support our appeal, insofar as democracy is already a tradition in Russia and with the peoples of Russia. They have made great headway along the path of democracy.

The delegates to the First Kurultay in 1992 were Tatars from Russia—from Moscow, Leningrad, and Bashkortostan, and today the court of Tatarstan has sentenced all Tatars of Russia, infringing on their rights to self-determination and self-government.

We will recall that, in their time, the Kurultay and the Milli Majlis demanded the removal of Tatarstan's law enforcement organs, including its courts, from Russian jurisdiction.

On Tuesday the Milli Majlis Presidium adopted a declaration asserting that it does not recognize the decision of the Tatarstan Supreme Court, and directed regional and local organs, as well as Milli Majlis deputies, to continue their activity.

#### **Parliament Reviews Tax, Government Reform Issues**

954F0367B Kazan *RESPUBLIKA TATARSTAN*  
in Russian 19 Nov 94 p 2

[Report of the press center of the Tatarstan Republic Supreme Soviet: "In the Presidium of the Supreme Soviet"]

[FBIS Translated Text] A regular session of the Presidium of the Supreme Soviet of the Tatarstan Republic was convened 18 November.

The following issue was examined: "On the Work of the State Tax Inspectorate and Tax Police Department in Implementing Existing Legislation on the Mobilization of State Taxes and Other Payments to the Republic Budget of the Tatarstan Republic." Speeches were delivered by Sh. Badamshin, chief of the State Tax Inspectorate of the Tatarstan Republic, S. Mashin, director of the Tax Police Department, and G. Kobelev, chairman of the Planning, Budget, and Finance Commission of the Supreme Soviet. A demanding discussion took place involving the additional participation of Deputy Prime Minister R. Muratov and Minister of Finance D. Nagumanov. The attention of the directors of the appropriate services was focused on inadequate control over efforts

to form the revenue base of the republic budget and expose violations of tax legislation. It was proposed that the Tatarstan Ministry of Finance, Tax Inspectorate, Tax Police, and the National Bank of the Tatarstan Republic draw up a number of urgent measures to rectify the existing state of affairs.

F. Gabdrakhmanov, deputy head of administration of Mamadyshskiy Rayon, and F. Safiullin, chairman of the Supreme Soviet Commission on War and Labor Veterans, Invalids, and Charity, provided information concerning the question "On the State of Affairs and Measures To Improve Social Protection for the Populace in Mamadyshskiy Rayon." A proposal based on the results of the discussion, envisaging measures to perfect the system of conducting policy with respect to social protection of the republic populace, was expressed to the government.

Also examined at the session were matters dealing with preparation for continuation of the 22d session of the Supreme Soviet on 23 November. Information was received that about 900 draft law corrections were scheduled to be examined on reform of the organs of state power. In addition, it was proposed that the session agenda be expanded to include the question of introduction of amendments and additions to the Tatarstan Republic law "On State Service" and that of the application of Article 3 of the law "On the Privatization of Housing in the Tatarstan Republic."

Other issues in the state life of the republic were also examined.

Tatarstan Vice President V. Likhachev participated in the work of the Presidium. Presiding over the session was Supreme Soviet Chairman F. Mukhametshin.

#### **Wage Payment Debt Liquidation Edict Issued**

954F0367C Kazan *IZVESTIYA TATARSTANA*  
in Russian 18 Nov 94 p 1

["Edict of the Tatarstan Republic President: On Urgent Measures To Pay Off Delinquent Indebtedness in Wages to Workers of Certain Sectors of the Economy and Budget-Financed Organizations and Institutions of the Tatarstan Republic"]

[FBIS Translated Text] An intolerable situation has taken shape in a number of sectors of the economy, and in organizations and institutions of the budget sphere, with respect to wage settlements.

This often occurs under conditions where the current accounts of enterprises, organizations, and institutions, and the correspondent accounts of banks, have funds available that would enable the indebtedness in wage payments to be significantly reduced.

Wage payment delays are often caused as well by irresponsibility on the part of a number of directors of enterprises, budget organizations, and commercial banks who have not undertaken exhaustive measures to resolve this top-priority social problem.



With the aim of paying off the delinquent indebtedness in wages, I decree:

1. That the directors of enterprises, institutions, and organizations, regardless of form of ownership:

shall undertake urgent measures regarding the timely payment of wages and the elimination, prior to 25 December 1994, of delinquent indebtedness with respect to wages;

when insufficient funds are available to effect wage settlements, shall direct to these ends the funds of enterprises and organizations that are available in hard-currency and depositary accounts.

2. To permit, prior to 1 January 1995, deductions of payments to off-budget funds (except the Pension Fund) to be made depending on the actual payment of wages.

3. That the Tatarstan Republic Ministry of Finance and National Bank of the Tatarstan Republic:

shall pay off the wage indebtedness to workers in the budget sphere prior to 10 December 1994;

shall resolve the question of allocating to the Tatarkhleboprodukt production association in November 1994 preferential credits for the purpose of finalizing settlements with agricultural goods producers for grain sold to the state, directing these credits towards eliminating the wage indebtedness to workers of the agro-industrial complex.

4. That the directors of commercial banks shall ensure the unimpeded payment of settlement accounting documents and the payment to enterprises and organizations of funds due them for wages within the limits of the funds available in their accounts, or when funds are temporarily lacking, shall provide credits for wage settlements under terms not in excess of the interest rate applicable for Central Bank of Russia credits.

5. That the National Bank of the Tatarstan Republic:

shall reserve centralized credit resources and use these for urgent needs and the payment of wages to enterprises and organizations, as well as to the budget, for these purposes;

shall extend to the end of the current year the exaction of interest payments from Tatagroprombank on interest accrued for November 1994;

shall provide credit support to banks whose activity is aimed at effecting socioeconomic development of the republic;

shall ensure that this edict is implemented by all commercial banks.

6. That the Cabinet of Ministers of the Tatarstan Republic and Tatarstan Republic State Committee for the Management of State Property:

shall examine the question of disciplinary accountability with respect to directors of state enterprises, institutions, and organizations who are guilty of failure to take measures in the timely payment of wages and elimination of wage indebtedness, up to and including cancellation of the labor agreement (contract) with them;

shall ensure, in accordance with procedure established by law, timely examination of the question of restructuring or declaration of insolvency of enterprises that are in no condition to adjust their financial situation.

7. That the heads of administration of cities and rayons:

shall examine for each enterprise the reasons behind delays in wage settlements and provide this information to the Tatarstan Republic Cabinet of Ministers prior to 10 December 1994;

shall ensure that budget funds and preferential credits allocated for the agro-industrial complex are directed on a top-priority basis strictly towards the payment of applicable wages to the workers of budget institutions and the agro-industrial complex;

shall establish strict control over the thrifty utilization of budget appropriations and the expenditures of enterprises and organizations, bearing in mind the impermissibility of excessive spending in this regard.

8. That the Tatarstan Republic procurator shall intensify oversight of the implementation of labor legislation, paying special attention to the timely payment of wages.

9. That the Tatarstan Republic Cabinet of Ministers shall submit a report on implementation of this edict by 25 December 1994.

10. This edict enters into force as of its date of publication.

[Signed] M. Shaymiyev, president of the Tatarstan Republic  
Kazan, the Kremlin  
18 November 1994

**Sychev Addresses Oblast Soviet**

954F0345A Novosibirsk SOVETSKAYA SIBIR  
in Russian 15 Nov 94 p 1

["Speech of Chairman of the Oblast Soviet A.P. Sychev at a Session of the Oblast Soviet"; date not given]

[FBIS Translated Text] Esteemed Deputies, Esteemed Session Members!

Undoubtedly, the question being examined at the session is one of the most important in the life of the oblast, and it concerns every resident.

The economic reorganizations being conducted in the country have led to a steady progressive decline in commodity production, to its structural degradation, to a loss in modern technology and science-intensive production, and to a large-scale economic crisis. The reality of unemployment, the impoverished existence of many workers, scientists, and employees of higher and secondary schools, and the difficult life of young people have become oppressive. The prestige of honest and conscientious work has fallen. Conditions are artificially being created in which the labor of the peasants and the products they produce are becoming unnecessary, it seems, to the state.

A majority of people have lost confidence in tomorrow and in the future of their children. The rapid material and social stratification is becoming dangerous to the health of society. Crime has become one of the ingredients of the economy and social life, influencing the policy of the state. I understand that this has already been talked about at the session, but I do not have the strength to refrain from talking about it once more.

Here are several specific comments and proposals on the essence of the question being examined.

One of the main reasons for the persistent decline in production is the shortage, and even lack, of necessary investments. For example, the share of the budget in the financial resources of the oblast amounts to only 10 percent, according to 1994 data, and long-term credits for capital investments—0.65 percent of all financial resources. Under conditions of an uninterrupted increase in prices for raw materials and energy sources, and a compulsory (albeit frequently also insignificant) increase in the wages of workers, 90 percent of industrial enterprises ensure their own current activity with their own resources. Indeed, it is also necessary to consider that practically all large enterprises have been covered with fines, part of which was created artificially by other enterprises and organizations, in particular those that provide energy sources.

Defense enterprises are in especially difficult situations.

It is also impossible not to say that industrial enterprises continue to remain the main taxpayers, and their importance in the oblast budget amounts to 46 percent. Thus, not having created the preconditions for the development

of industry in the future, we are also not ensuring guarantees for forming the budget. And there is still little hope for the new economic structures and an alternative economy. For example, there are 88 banks in Novosibirsk, including 54 branches of other city banks. The result of their activity—more than R50 billion in losses.

What main directions in the development of the economy of the country for 1995 are being studied by the Ministry of Economics of the Russian Federation? According to information provided in a seminar on 3 November by the deputy minister, they consist of the following:

- to achieve a lowering of inflation in the beginning of a range up to of 10 percent per month; then, by the end of the year—up to 2 percent, with a total amount for the year of 30 percent. The conclusion can be made that expenditures will be "drastically reduced" in every way possible;
- to conduct an indexation of the value of the main funds with an increase by a factor of four, without at the same time increasing the tax on property; that is, with an increase in amortization deductions by a factor of four (accelerated amortization);
- not to tax profit invested in production, which, according to calculations, should attract money to production, and not for the acquisition of dollars with it; —to place investments on a competitive basis in rapidly executed projects (not longer than two years);
- to create a legal basis for the effective functioning of the economy.

If at the same time we look into the draft budget of the country for 1995, taking price changes into account, it becomes clear that real income and also expenditures will decrease.

From this the conclusion can be drawn that hopes for direct budget financing of enterprises, especially conversion of defense enterprises, will hardly justify themselves.

This means that it is necessary to search for ways to rationally attract the credit resources of commercial banks located on the territory of the oblast with "tolerable" credit rates. In this connection, a mechanism should be developed for the cooperation of the administration of the oblast, on the one hand, with local commercial banks to attract credits and, on the other hand, with industrial enterprises for the effective use of these credits. And this is not a new proposal. The "Plan of Action of the Administration of Novosibirsk Oblast for the Stabilization of the Economic Situation" adopted last year envisioned a measure close to this—development of a mechanism for attracting the temporarily free resources of commercial banks and unappropriated federal funds on the territory of the oblast for the purpose of financing priority socioeconomic programs.



At the same time, while counting on an improvement in the tax system as a whole in the country, it will be necessary, with the efforts of the administration and the oblast soviet in specific cases, to grant enterprises tax privileges within the scope of revenues in the oblast budget.

There will also be a need for significant improvement in control in the sphere of investing and crediting on the part of the administration and the soviet, especially since this is being done inadequately.

For example, we receive information on the banking system from the main administration of the Central Bank for Novosibirsk Oblast which does not correspond in even one indicator to the information about that same banking system that is received from the tax inspection office. At times it is even difficult to learn how many branch banks of other cities there are in Novosibirsk, and how many banks there are with a chartered fund higher than R2-5 billion, etc.

But how can the situation in which the wage in a bank is one of the highest and these banks operate at colossal losses be assessed? To what kind of economic laws does this situation correspond?

Deputy A.A. Kiselnikov's proposal about the need to coordinate managerial personnel of banks and management candidates with the soviet deserves attention.

Inadequate management of the financial sphere is also indicated by such facts as the concentration of colossal financial resources in unappropriated funds. The budget "will wither," but unappropriated funds are growing, and the aggregate size of unappropriated funds fluctuates from 30 to 50 percent of the oblast budget. And it is not just a matter of the funds themselves as such, but the fact is that financial resources are being scattered, and control over them is lost as a result. We are not looking into what banks they are in, how they accumulate, passing through deposits where the increase takes place, and we cannot say today whether it is good or bad that only 20.8 percent of all resources out of the medical insurance fund go for the "payment of medical services," and 14 percent for so-called "Other Expenditures."

The distribution of the resources of this insurance company fund also fluctuates sharply, and no less than about 45 percent of the resources of the fund passes through insurance companies.

The next question—the situation with price formation, and with prices, and the practice of the interrelationship between producers, middlemen, and consumers.

It must be said frankly today that one can see that price arbitrariness is inflicted on a majority of the population by numerous controlling and supervisory organs. A person is simply forced into a corner under conditions of a sharply restricted or solvent demand that lags behind prices.

Many categories of people have already ended up on the threshold of physical survival. In the meantime, the "sellers" point to each other, or to the caprices of the dollar rate of exchange.

This showed itself most clearly after "Black Tuesday," when right after the rapid drop and with the partial restoration of the ruble, the inflated prices for many commodities and services "forgot" to return to their initial status. The price of only one commodity really decreases—manpower.

What is especially disturbing is that at the same time concern for the future of our children is overlooked. If you look at the price statistics, it is impossible not to notice that the rates of price increases for children's commodities substantially exceeded average rates of growth in prices for other commodities in the past months of 1994. That is, free market prices under our conditions do not work in the interests of the rising generation, and consequently are not working for the future of our society.

And this is one of the most dangerous aspects of today's situation and today's policy. But, after all, there is also this measure in the already mentioned plan of operations of the administration: "To adopt measures for the regulation of prices for basic food products and putting calculations for them in order."

Or tariffs for city transport, electric power, housing, and community services. Being one of the "leaders" in Western Siberia in low wages, we simultaneously are the real leaders in the indicated tariffs.

It became extremely difficult, and frequently impossible, to control their level and make predictions because of the monopolism of enterprises of a greater part of the infrastructure.

Under the conditions that have developed, neither the administration nor the oblast soviet can stand aside. Therefore, one of the conclusions of today's session should be the necessity for joint preparations on the procedure of the legislative initiative of proposals directed at strengthening the regulating role of organs of state authority in the sphere of prices and tariffs. It is also obvious that the administration of the oblast, the antimonopoly administration, and the tax service could already today conduct a more active and flexible price, financial, and tax policy with respect to management components that abuse their frequently superior position in the market with their monopolism. It is also necessary to strengthen this within the framework of the law of local normative documents. I think that everyone will support this.

According to the level of average wage and per capita incomes, our oblast holds one of the last places in the Siberian region. The solvency of the population of the oblast is falling, which, under conditions of a free market and a lack of the necessary regulating mechanisms, will

inevitably lead to an outflow of commodities that enjoy continuous demand, first and foremost, food. A very complicated flaw in the use of financial resources could set in. And specifically: A subsidy to the oblast's agriculture will give a social return in other regions where the wage is higher, since agricultural products will be transported there by free traders.

Regarding one of the aspects of privatization—its economic efficiency—since this is tied directly to the budget; that is, this is a direct question for the soviet.

According to the accounts of the financial administration, the share of revenues for the budget in the third quarter from privatization amounted to a total of 0.45 percent of the sum total of revenues. For one privatized facility last year the government received R11 million on the average, and this year—R16 million, and more than 50 percent of the enterprises of the oblast have already been privatized under these conditions.

Thus, we did not give the process of privatization the proper evaluation, and, without "pausing for a breath," we are preparing for financial cleanup; that is, for the concluding stage of the division of property, for the extremely responsible stage.

I think it will be proper if the soviet adopts a decision to temporarily stop the process of privatization of oblast property, to consider all existing shortcomings, and only then to continue work.

I think that the deputies will also support the proposal on the soviet's more active participation in the examination of affairs with enterprises that fall in the insolvent category, in order that representatives of the soviet participate on equal terms with others in the work of the commission on the certification of these enterprises. Especially since the manager of the federal service, Belyayev, agreed with this and promised to introduce an appropriate amendment to the instruction he issued.

A very important task of the administration and the soviet is protection of the economic interests of producers of agricultural products, about which a lot of specific proposals have already been presented.

Not denying that a lot is being done in the oblast on the problems being examined, we must critically and self-critically evaluate that not everything has been done that could have been done. One of the most immediate joint tasks of the administration and the soviet should be refinement of the plan of the draft work law and determination of priority laws of the oblast that have to be adopted; moreover, independently even of the adoption of federal laws. We have such a law. It is guaranteed by the constitution and a federal agreement, and it is already being implemented in some subjects of the federation.

I name among the so-called draft laws the oblast charter, the Law on Property, the Law on the Activity of Organs of Authority of the Oblast, the Law on the Budget Process, and the Law on Local Self-Government.

In addition, proceeding from the positions of the constitution, the edicts of the president, in particular the edict of 3 October 1994, No. 2096, and existing possibilities, the main developer of draft laws is the administration of the oblast. Naturally, given the active participation of the deputies and the committees of the soviet.

The activation of the activity of the soviet and the administration for legislative support of the processes of restoring the national economy is necessary as a normal legal condition for conducting economic activity.

There is a need for more active joint actions of the structural subdivisions of the administration and committees of the soviet for the resolution of economic and social tasks, and pulling production out of the crisis. Especially on questions of creating conditions for reviving material production. Tax privileges are necessary for commodity producers and a sensible credit policy that promotes the restoration of the working capital of enterprises; orders to enterprises of the defense complex for the output of consumer goods, first and foremost, those that are necessary to the population of the oblast.

The voters are the support for the deputies in the activity. Counsel with them and the effective use of their intellectual potential is necessary. And, of course, the perfection of the work of the committees of the soviet and of the soviet as a whole.

#### **Ruling on Oblast's Socioeconomic State**

954F0359A Novosibirsk SOVETSKAYA SIBIR  
in Russian 18 Nov 94 p 2

["Decision of the Novosibirsk Oblast Soviet of Deputies: On the Socioeconomic State of Novosibirsk Oblast"]

[FBIS Translated Text] Having heard and discussed the report of I.I. Indinok, oblast head of administration, and the supporting report of A.A. Kiselnikov, chairman of the Oblast Soviet Committee on Economics, the Oblast Soviet of Deputies notes that under conditions of radical market reform of the economy and appreciable deterioration of the economic state of the oblast, we have been able to effect preparation of our main life support systems for operation under winter conditions, to sow and harvest a decent grain crop, and to prevent irreversible degradation of the sociocultural sphere.

The following are of fundamental significance in determining the prospects for development, mobilization of material resources and finances, and normative-legal support for administration activity in stabilizing the socioeconomic situation in the oblast:

"Proposals of the Novosibirsk Oblast Soviet of People's Deputies on Correcting the Course of Economic Reforms in Russia" (November 1992);

"Main Orientations of Social Policy of the Oblast Administration for 1994" (March 1994);

Recommendations of the applied-science conference "Stabilization Strategy for the Region's Economy: Problems and Solutions" (April 1994).

One attempt to overcome crisis phenomena in the economy and social sphere of the oblast was seen in the proposals to the Russian Federation Government for adoption of a social decree for Novosibirsk Oblast, proposals developed at the initiative of the oblast administration with participation of the Oblast Soviet (October 1994).

The measures adopted turned out to be insufficient, however. The average decline in industrial production from 1991 through 1994 in Novosibirsk Oblast was 35.1 percent, the drop for the first nine months of 1994 amounting to 29.9 percent of the same period last year. The greatest amount of production decline was observed in machine building—68.7 percent, ferrous metallurgy—63.9 percent, the chemical industry—54.8 percent, and light industry—41.5 percent. Of 108 of the most important varieties of industrial production, decreased production output was observed in 91.

Science remains in critical condition.

A good number of the largest city and oblast enterprises shifted their operating mode to an abbreviated work-week schedule. While such enterprises as the joint-stock company Vega, Berdsk Electromechanical Plant, Novosibirsk Aviation Production Association, the production association Novosibirsk Instrument Manufacturing Plant, the capacitor plant, Iskitim Machine-Building Plant, and others were shut down for several months.

The situation in the agrarian complex deteriorated sharply.

Livestock and poultry purchases in 1993 decreased by 51.6 percent from the 1991 level, milk—40.4 percent, eggs—33.6 percent, potatoes—more than 14-fold, and vegetables—more than fourfold. Over the first nine months of this year, livestock and poultry sales decreased by another 18 percent, and milk production—by 19 percent. The productivity of milk-producing livestock declined, causing milk combines of the city of Novosibirsk to operate at less than full capacity this year.

The sharp decline in industrial and agricultural production has its effect on the state of the oblast budget. The revenue portion of the budget for the first nine months of this year was fulfilled to just 44 percent of the yearly amount.

The agrarian complex of the oblast was financed only to the level of 25 percent in connection with nonfulfillment of the budget.

As a result of negative economic phenomena, the standard of living of the oblast population continues to decline—30 percent of the populace are over the poverty line.

The drop in production has elicited the inevitable growth of unemployment. As of 1 October 1994, 27,612 individuals were officially registered as unemployed.

Threat of increased unemployment today is related to bankruptcies of large industrial enterprises.

At the same time, the oblast administration has not fully exercised its authority or utilized the funds it has available to effectively counteract the rise of negative trends in the economy and social sphere.

It should also be admitted that the Oblast Soviet has inadequately utilized its capabilities with respect to monitoring budget implementation and developing the oblast's foreign economic ties with Russian Federation entities and foreign partners. The legislative and normative-legal base does not fully guarantee resolution of socioeconomic problems.

The Novosibirsk Oblast Soviet of Deputies HAS DECIDED:

1. To declare the socioeconomic situation in the oblast a crisis situation. To support the initiative of the oblast administration on immediate examination and adoption by the Russian Federation Government of a special decree for Novosibirsk Oblast.
2. To recommend that the oblast administration develop a comprehensive program of stabilization of the oblast economy as one of its top-priority tasks. To propose that the oblast administration and other entities having legislative initiative, jointly with committees of the Oblast Soviet, refine and correct the listing of high-priority normative-legal acts that influence the socioeconomic state of the oblast.
3. To acknowledge the state of affairs with respect to budget implementation, distribution of the available remainder of budget funds, affording of tax benefits, and supervision of the utilization of nonbudget funds as being inadequately regulated.

In order to more effectively monitor and regulate operations with the oblast budget and nonbudget funds, to propose that the oblast administration, jointly with committees of the Oblast Soviet, draw up and submit to the Oblast Soviet of Deputies:

- a) a statute on work procedure for work the administration accomplishes with authorized banks;
  - b) a statute on procedure for affording tax benefits and budget-financed loans in the oblast;
  - c) procedure for monitoring the utilization of non-budget fund assets in the territory of Novosibirsk Oblast.
4. To recommend that the oblast administration activate a policy of protecting the economic interests of consumers and producers of agricultural production output and consumer goods from the influence of imported products. To this end, to develop a system of measures to protect our country's commodity producers on the oblast level.



5. To propose that the oblast administration perfect a mechanism for the return of budget subsidies when agricultural production output is exported to areas outside the oblast.
  6. In accordance with Decree of the Russian Federation Government No. 1009 dated 31 August 1994, "On Instituting Statistical Observance of the State of Food Resources," to recommend that the oblast Committee on Statistics set up a data collection system with respect to the import and export of food resources in the oblast, providing the appropriate information to state organs of authority.
  7. To recommend that the oblast administration effect supervision of the special-purpose utilization of centralized credit resources allocated to the agrarian complex of the oblast.
  8. That the oblast administration, jointly with the Oblast Soviet of Deputies, shall provide an evaluation of the check phase of privatization of enterprises and of the methods employed for certification of bankrupt enterprises in Novosibirsk Oblast.
- That the Oblast Soviet of Deputies Committee for the Economy, Inter-Regional and Foreign Economic Relations, and Property Management, the Committee on Legislation and Interaction With Organs of Local Self-Government, Political Parties, Social Organizations, and the Mass Media, jointly with the oblast administration, shall accelerate development of the oblast law on the management of oblast property.
9. To recommend that the oblast administration and committees of the Oblast Soviet of Deputies, when drawing up the Novosibirsk Oblast budget for 1995, find opportunities to enhance support targeted at the needy segments of the populace, and stipulate an expenditure line item for organization of a service to render assistance to the homeless.
  10. To direct the Committee for the Economy, Inter-Regional and Foreign Economic Relations, and Property Management of the Oblast Soviet of Deputies, jointly with the oblast administration, to develop and finalize proposals to the Federal Assembly and Government of the Russian Federation on overcoming the economic crisis in the country.
  11. To send to the oblast administration for its examination and adoption measures for the implementation of deputy proposals to stabilize the socioeconomic situation of the oblast that were expressed during the course of preparation for and conduct of the session but which were not entered in this decision.

[Signed] A.P. SYCHEV  
Chairman of the Oblast Soviet of Deputies

### City Procurator Views Organized Crime

954F0350A Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 15 Nov 94 p 4

[Interview with Novosibirsk Procurator Gennadiy Ivanovich Shilokhvostov by Irina Timofeyevna; place and date not given: "An Edict Is Not the Start of a Campaign...: The Fight Against Organized Crime From the Procurator's Point of View"]

[FBIS Translated Text] The views of militia personnel, procurator, and judge with respect to one and the same fact or figure may be different. Generally speaking, this is normal. Many times we have published militia statistics that reflect implementation of the Edict on the Fight Against Gangsterism. What is behind the figures? How is the edict operating? We spoke about this with city Procurator Gennadiy Ivanovich Shilokhvostov.

[Shilokhvostov] The number of organized criminal groups exposed and other statistics in reports of this kind actually belong to the realm of operations. More important to me, as procurator, are the results with respect to the elimination of criminal formations. For the first time in many years a case on gangsterism investigated by the city procuracy has been directed to the oblast court. An investigation is presently being completed on another gangsterism case—in June a group of traveling performers from Altay twice committed assault and robbery and murdered a young woman.

Upon evaluating the edict overall, we see from the legal expert's point of view that the only new procedural aspect is the ability to detain people for up to 30 days. The intent of the edict is to mobilize all forces in the effort to solve serious crimes, utilizing every organized, professional capability. We have established a specialized group for solving premeditated murders in circumstantial-evidence cases. Not only are militia detectives and our investigators involved here, but personnel from the tax police department and Federal Counterintelligence Service as well. The group is headed by a criminal investigations procurator. It can investigate any murder in any rayon of the city and either take it to its logical conclusion—solving the crime, or simply assist at the start of the investigation.

[Timofeyevna] Does it not seem to you that our law enforcement organs were not entirely prepared for the onslaught of organized crime, for these so-called planned murders?

[Shilokhvostov] I agree with you to a certain extent. But look at where militia professionals are working at present. In the security services, in private investigative agencies... While young people have come in to replace them. This is one reason. I am not even going to mention problems with our legislation. But I do not think you and I have met here to complain about the circumstances. Of course the edict helps matters. An organized criminal group responsible for incidents of assault and robbery and selling stolen cars was recently exposed. Among those arrested was an employee of the oblast State Motor

Vehicle Inspectorate, who provided falsified documents and vehicle escorts. The threads of the crime extend far beyond the boundaries of our oblast. But generally speaking, we do not perceive the president's edict as the start of a campaign. We have endured all kinds of campaigns. Work has been and is proceeding at an intensified pace. We have begun to conduct a more accurate analysis of the crime situation in the localities, in rayons of the city. We have done this in the most problematic rayon—Leninskiy Rayon. Next will be the same kind of all-encompassing analysis of the crime situation in Sovetskiy Rayon. In order to finish dealing with the so-called organizational questions, I must say something about the assistance we have received from the mayor's office. The city authorities have helped the procuracy acquire equipment. And we have finally obtained a computer—capable of doing a great deal. We are entering the main parameters of crime into it. It then provides alternatives and recommendations—what investigative actions must be performed, expert review...

[Timofeyevna] If you and the militia had acquired such equipment just five years ago, we probably would have been able to avoid a great deal... But let us get back to reality. The edict has raised considerable dispute in its time. The function of the procuracy is to oversee execution. Are there many violations and complaints?

[Shilokhvostov] We have seen fewer violations, generally speaking, than expected. But they do exist. The psychological factor of expanded interpretation of the ability to detain people for up to 30 days has played a role. Certain operations personnel have extended this measure to apply to general criminal activity. But the edict deals only with organized crime. We established rigid control right away and presently suppress such attempts on a regular basis. We sent a remonstrance to the city Internal Affairs Directorate. Perhaps this is why there have not yet been any complaints from those arrested and their lawyers. But there is a problem in where to detain them. We cannot keep them together with the common criminal element on the same basis of rights. We must avoid leaks of information, and a different system has to be applied for their detention.

We are alarmed at an extremely serious problem that has nothing to do with the edict—changes of preventive punishment by the court. I will give just one example. We detained, then arrested a female resident of Kazakhstan in possession of marijuana. An organized group was uncovered comprised of four individuals. The court released the woman under bail, a ridiculous amount for the drug dealer—1 million. Then she disappeared. And in fact she has managed to cross the border four times with merchandise! While we, in accordance with criminal-procedural legislation, do not even have the ability to protest this decision. The percentage of such releases in our oblast is higher than overall throughout Russia.

[Timofeyevna] Gennadiy Ivanovich, I have to ask you about the so-called murders and attempted "contract" murders. Why are we seeing such a rise in them not just in Russia, but in our city as well?

[Shilokhvostov] First of all, let me state that this is not a legal term. We should rather refer to murder under aggravated circumstances—through mercenary motives. Generally speaking, we need a change in the law, a more precise definition of such activities. "Contract" is for us one variant of the crime. A contract murder may be considered one in which you have a client and a hired executor. Now, as far as reasons for the rise in incidence are concerned: illegal economic activity, division of spheres of influence, the laundering of "dirty" money, redistribution of property...

[Timofeyevna] These are general trends. But—alas—not a single killer has yet been found following the tragic events in Novosibirsk... Could you give just one scenario in the murders of the Valikor directors?

[Shilokhvostov] An investigation of this incident is underway and various scenarios are being elaborated. It is still too early to be reaching definitive conclusions.

#### Local Social Health Analyzed

954F0339A Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 14 Nov 94 p 5

[Article by Nikandr Kozlov, sociologist: "What Politicians Must Not Forget: The General Social Condition of People in Novosibirsk Is—Alas—Not Improving..."]

[FBIS Translated Text] If we compare sociological survey data of the past two years, we see that the dynamics of social well-being of the population of Novosibirsk Oblast are quite contradictory.

Whereas last year, for example, 15.9 percent of those surveyed indicated that their lives were improving, this year the group of such individuals—whom we may arbitrarily call flourishing optimists—decreased almost twofold, and now comprises just 8.4 percent.

Well, how are things going for those who last year noted a deterioration in their lives? One year ago these people comprised 60.3 percent of the residents of Novosibirsk Oblast. This year the portion of the populace experiencing a deteriorated sense of social well-being diminished somewhat and comprises 52.6 percent.

A new trend in the dynamics of social well-being is being observed in a significant expansion of that segment of the population for whom life, in their view, is being maintained at its previous level. Whereas last year only 22.3 percent of all respondents put themselves in this category, 37.9 percent did so this year.

The situation overall in Novosibirsk Oblast, like throughout the country, is related to chronic, systemic crisis, the continuing decline in production. Changes in the system of power, ownership, and other spheres, are being accompanied by deep shifts in the social structure of society. But hopes for relatively quick formation of a

middle class are not being realized. The high rate of polarization of society into "rich" and "poor," where the latter outnumber the former almost 10 to one, shows that society has accumulated the "combustible material" which sooner or later may lead to serious social conflict.

An alarming indicator of the deteriorating sense of social well being is the relative dynamics of the degree of satisfaction of essential needs of the populace in food and clothing. To the question "What is your food situation as compared with 1993?", for example, 12.6 percent of those surveyed noted an improvement, 48.4 percent responded that their food situation had neither improved or worsened, and 38.9 percent felt matters had deteriorated in this regard.

Only 9 percent of respondents noted an improvement over last year in ability to buy clothing. The situation was worse for 61 percent of those surveyed, while 24 percent felt the level was about the same. In other words, almost two-thirds of the populace today are economizing with respect to clothing and spending the money thus saved on food, or just the opposite—economizing on food in order to purchase clothing.

These indicators of social well being determine to a great extent people's evaluation of the dynamics of economic processes. Thus, for example, 72 percent of respondents note a deterioration of the economic situation in the country.

The speeches and decisions of certain politicians who have stood or are standing at the helm of economic reforms seem, at first glance, to be paradoxical in this environment. In a recent speech to the parliament, for example, Yegor Gaydar tried to convince deputies that inflation basically came to a halt in 1993, and that in 1994 economic growth began and premises were created to make it advantageous to invest in national industry. Why then, as Gaydar himself admits, has such an alarming situation taken shape today in the national economy? The point of all this, it turns out, is that in the localities (of course not in Moscow) the guilty parties are those who conducted a policy of support of production through concentrated investments, those who were counting on state capital investments. But then what about the responses to the questions that are today determining the social well-being and destiny of millions of people, including those working at enterprises of the defense complex, for example?

The Constitution assigns matters of defense production to the jurisdiction of the Federation. However, as Council of the Federation Deputy Ivan Indinok noted in one of his speeches, it is the territorial organs that have been forced to resolve many problems of the defense complex. In Novosibirsk Oblast, for example, in industry where the military-industrial complex plays a key role, problems of the defense complex determine to a great extent the socioeconomic situation and the lives people lead.

During first quarter of this year, i.e., at the very time when, in the words of Gaydar, the premises had been created in the country for economic growth, the

Novosibirsk Plant imeni Komintern was to receive an advance payment, in accordance with the law and according to terms of the contract, in the amount of R7.1 billion. The state did not fulfill its obligations. The plant was forced to take out loans at 190-275 percent annual interest to cover its most urgent expenses. They manufactured production output and dispatched it, but the state did not pay for the dispatched production, and once again they had to secure credits.

Wages have not been paid at the plant since July and the indebtedness of the state with respect to output dispatched comes to R11.4 billion.

"They have not yet sold the defense complex to foreign investors," Ivan Indinok summarized with bitter sarcasm. "Where are we going to find funding sources for conversion of the defense complex if there is no life on Mars? The facts show quite clearly that the results of economic reform have come into confrontation with its aims. We cannot continue to manage the economy in this manner, or the consequences will become irreversible and Russia's future and its economy will wind up in a deplorable state. Is it possible the state failed to pay its bills, justifying this through the need to restrain the budget deficit and inflation? This question of the Novosibirsk governor is not just rhetoric. It is reinforced by dozens of specific proposals and conversion programs developed by Novosibirsk scientists and specialists."

The social well-being of the populace does not come down to just a few indicators, of course. It is too multidimensional, too rich in tones and nuances to be able to justify definitive conclusions. I would like to cite one more figure for the reader's reflection. Some 62 percent of the people surveyed believe that transition to a free market economy is the proper step for Russia to take. Clearly, the problem lies in the fact that we cannot be thinking about just one step, but about the long journey we all will have to take together. And a great deal depends on the state of our social well-being.

#### Drop in Crime Rate Cautiously Viewed

954F0339B Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 14 Nov 94 p 3

[Interview with Yuriy Proshchalykin, head of the regional Directorate for the Fight Against Organized Crime, by Sergey Khokhlov; place and date not given: "Criminals Getting Into the Offices"]

[FBIS Translated Text] This year the highest officials of the Ministry of Internal Affairs have been telling society with satisfaction from time to time that the crime rate has dipped sharply.

Indeed, judging from the statistics, the number of criminal acts has been reduced. In Novosibirsk and across the country in general. What is the reason for this? Our



correspondent discussed this topic with Yuriy Proshchalykin, head of the regional Directorate for the Fight Against Organized Crime.

[Proshchalykin] On the one hand, the militia has been operating more energetically. On the other, we are observing that criminals have sharply reoriented their efforts towards the sphere of economics. Scraping together capital through the use of criminally punishable methods, they are investing money in business. Ever increasing numbers of legal structures are appearing these days that have been founded by criminal groups, groups that are often headed by people with a record. They use their enterprises to launder "dirty" money and create competition for honest businessmen. But such competition does not take place on an equal basis, of course, if only due to the fact that one borrows money from the bank at high interest rates, while the other feeds his enterprise through the flow of criminal money from trading in drugs and weapons, selling stolen property. And if this does not help, the criminal businessman uses purely criminal methods in his competitive dealings—threats, destruction of a rival's property. It is simpler for him to do this than perfect his management system or introduce more efficient technologies.

I believe that in the fight against organized crime, priority must be given to suppressing the activity of economically oriented criminal groups. But it is impossible to achieve this through militia efforts alone—we must effect a comprehensive solution for economic problems in our region and in the country overall.

[Khokhlov] When you mentioned just now the use of criminal methods in economic competition, a very recent example came to mind—the murder of directors of the Valikor tourist firm. It is believed the contract murders of all these businessmen will remain unsolved. Is this so?

[Proshchalykin] No, I do not agree. And I can cite specific examples of criminal acts where we were able to identify both those who committed the crime and those who ordered it. The explosion this year of a businessman's car, for example, in Zayeltsovskiy Rayon. Then there is the recent murder in Sovetskiy Rayon, the perpetrators of which have been identified. I am not going to provide the name of the victim because the investigation is in its initial stages right now. A few months ago we arrested a criminal who had put out a contract for a murder in Sakhalin. He himself was from Omsk Oblast, but he came to Novosibirsk in order to undergo plastic surgery at a local clinic—he wanted to change his appearance. Our militia personnel arrested him in the clinic.

It is true, however, that contract murders often remain unsolved. All the same, I believe we will in fact find out who it was that had to have the Valikor directors killed.

#### Statistics on Local Inflation Noted

954F0339C St. Petersburg SANKT  
PETERBURGSKIYE NOVOSTI  
in Russian 12 Nov 94 p 1

[Article by V. Vladimirov: "Inflation 'Loves' the Poor"]

[FBIS Translated Text] The St. Petersburg Committee on Statistics has calculated how much the October price frenzy cost consumers. The total increase in prices over the month was 14.9 percent. This includes an increase of 18.4 percent for food products.

The official figures differ strikingly from consumer observations. At the end of October, the consumer had to pay one-and-a-half times more than he did in September for the traditional daily selection of store products. But statistics explain the paradox by virtue of the fact that the cost of everyday essential items increased to a far greater extent than the not so popular, delicacy items. Thus, the cost of vegetable oil rose 72 percent in October, mayonnaise—76 percent, sugar—56 percent, coffee—57 percent, eggs—46 percent, cheeses and canned meat—32 percent, sour-milk products—31 percent, milk—28 percent, sausage and macaroni products—24 percent, meat and poultry—22 percent.

The reason for the October price hikes was not so much the lowered ruble exchange rate as the fact that a new agricultural year is beginning, a time when crops of the new harvest are reaching the stores. Purchase prices for grain in the fall of 1994 led to increased prices for mixed fodders, following which we saw an automatic price hike in all meat and milk products. The breakdown of agriculture in Ukraine had its effect—there being no sunflower or sugar beet harvest.

Results of the first week of November show that inflation is not ending. The increase in prices overall for the week was 3.1 percent, including 3.6 percent for foodstuffs. Once again cottage cheese, butter, and margarine are up—by 10-11 percent, eggs—by 9 percent, beef, poultry, and cereals—by 6 percent, macaroni and sausage products—by 5 percent.

#### First Municipal Land Auction in Nizhniy Novgorod Reported

954F0348A Moscow SEGODNYA in Russian 15 Nov p 3

[Article by Vyacheslav Chebanov: "First Auction of City Land Held in Nizhniy Novgorod: Vacant Parcels on City's Outskirts Went for 400,000 Rubles a Hundredth"]

[FBIS Translated Text] Nizhniy Novgorod has taken another bold step on the path to a market economy: It began selling city land with practically no idea of its true value. Of course in the first auction, it was vacant parcels on the outskirts of Nizhniy Novgorod, in Sormovskiy Rayon, that were placed on the auction block. Hoping to arrive at the real value of city land in the course of the

auction, the Nizhniy Novgorod Property Management Committee set up its first auction to sell parcels for private housing construction.

This function could be called an auction only conditionally, although there was an auctioneer, and he did pound a gavel. The main thing was missing from participants of the auction—a desire to haggle. Seven of the 10 lots had to be sold at the initial asking price. For example the largest parcel consisting of 11 hundredths was appraised at R4,100,000. There were no bids for the other three, and they were taken off the market.

Auctioneer Sergey Maslov explained to this SEG-ODNYA correspondent that the absence of speculative dealing at an auction is a fully natural phenomenon. First, not all of the city's citizens have such money. Second, the parcels were being sold just before winter. No less important is the fact that much of the land had been distributed earlier by a simple decision of the administration. Mr. Maslov feels that land parcels are not auctionable goods today. Consequently sooner or later local authorities will begin selling land in the normal way, in response to applications from citizens.

A hundredth goes for from R80,000 to R120,000 in the oblast today. A lot for private construction goes for R100,000-R150,000. Naturally, land inside the city is almost 2.5 times more expensive. Despite this, property owners have been found willing to pay handsome sums for the right to build what they want on their own land. Therefore Sergey Maslov feels that an auction did in fact occur, and the trading was successful.

#### **'Siberian Accord' Opposes Common Power Market**

954F0348B Moscow SEGODNYA in Russian 15 Nov 94 p 3

[Article by Igor Spiridonov: "Siberia Doesn't Want To Join Russian Unified Power System: MASS Prefers To Provide Power to Locals"]

[FBIS Translated Text] Specialists of the Coordinating Council on Power Engineering of the Interregional Sibirskoye Soglasheniye Association (MASS) concluded that a wholesale electric power plant market is unsuitable for Siberia. In the opinion of MASS experts the work of a wholesale market would have to be regulated, which can be done only by an extraterritorial body such as the YeES Rossii RAO [Russian Joint-Stock Company Unified Power System]. But in this case the local territories would lose their tax base, together with the products they produce and sell in this market. Daily losses of tax revenues in Siberia are estimated by MASS experts at almost 500 billion rubles. In addition although entry of the power plants into the wholesale market would reduce energy prices within it in general, the rates on power consumed by Siberians would still increase significantly in comparison to current rates. This increase could attain a multiple of 2-3 for the public and for municipalities, which will be an additional burden to local budgets.

MASS power engineers feel that this violates Russian legislation on regulation of rates by bodies of government of the subjects of the federation.

On the basis of all of the above, the MASS Coordinating Council on Power Engineering recommended that Siberian territories and power plants located on them do not join the YeES Rossii RAO, and instead stay with their own Energo Joint-Stock Company and work in the interests of locals.

#### **Siberian Trade Bank's Progress Analyzed**

954F0327A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 10 Nov 94 p 5

[Article prepared by the publicity service of the Siberian Trade Bank: "Siberian Trade Bank—New Meeting"]

[FBIS Translated Text] On 3 November a live TV call-in show was held by the president of the Siberian Trade Bank, Yevgeniy Viktorovich Kolug, and the chairman of the Supervisory Board of the Siberian Trade Bank, Oleg Ivanovich Semchenko. The show was devoted to the bank's current operations and the outlook for its development. The Siberian Trade Bank is today one of the largest banks in the region, and among the 70 largest banks in Russia. But remaining first and foremost a bank for clients, the bank sees its main task as keeping its clients informed about its work. It is this that brought about the meeting directly on the air. Unfortunately, the length of the program did not make it possible to answer all questions in detail; therefore we are publishing the answers to the most interesting questions today.

1. Does it make any sense to buy shares of stock in the Siberian Trade Bank. How profitable is this?

[Answer] Whether to buy or not to buy shares of stock in any enterprise is a person's independent choice, and depends on what the person wants from this purchase: a stable increase in his capital, or an opportunity to play on changes in exchange rates or participate in the management of an enterprise. Shares of stock in the Siberian Trade Bank today are one of the most popular bank securities; transactions in it are made regularly on the country's leading fund exchanges, and they are absolutely liquid. This means that you can sell them at any moment at market value. Income for shares of stock is paid to shareholders in the form of dividends according to the results of the fiscal year. The annual dividend in 1993 was 500 percent.

2. What is the difference between shares of stock of the second, third, fourth, and fifth issues?

[Answer] The difference is in the time of their issue and, as a result of this, in the order of adding on dividends and in the market value of the shares of stock. The earlier the issue, the more expensive the share of stock, and the greater the sum of added dividends.



3. How stable is the bank?

[Answer] The bank is as stable as are the profit and income from operations, as stable as its activity along different directions of work, and as stable as it reasonably and effectively invests attracted resources. We regularly publish in the press the financial indicators of our work that affect all aspects of banking activity, and they indicate the bank's stable positive development.

4. Is it true that the bank board is leaving for Moscow?

[Answer] We have many important interests in Moscow—this is the largest fragment of the financial market of the country, but nevertheless our bank is a Novosibirsk bank, and more than 1,500 people work here. We see no sense in leaving Novosibirsk, although we visit Moscow often and do a lot of work there. The bank already has three branch offices, and there will be many more of them in the future. Each branch and each city has its own problems and advantages. The Moscow branch is supposed to resolve questions of our work in Moscow, and the Kaliningrad bank—in Kaliningrad, and the successful resolution of these questions depends on the professionalism of the workers, not in what city the bank board is located. Novosibirsk, moreover, is in the very center of Russia, and it is much more convenient to direct from here the work of the branches in both Kaliningrad and in the Far East.

5. What kind of work is conducted with personnel who work with clients (serious reprimands for rudeness, absenteeism)?

[Answer] There really is a problem, and it is a serious one. Our bank tries to see to it that each client has an opportunity to receive service of a high level, and this is not only high interest rates, or low credit rates, and not even super-modern equipment. First and foremost, meeting with people goes on, and we would like each of our clients to be met with a smile and all his questions to be resolved professionally. Of course, it is impossible to achieve this in an instant with the wave of a hand, or with an order. A special personnel training service exists in the bank, one of whose tasks is to teach how to meet people. And we have a big request for our clients—do not leave offended by any improper behavior on the part of our employees; you can submit all complaints to the president's secretariat, and we will examine them without fail.

6. Has the "Golden Crown" system justified itself at this time?

[Answer] "Golden Crown" is not just a system of the Siberian Trade Bank. We perform as one of the emitters and centers of the system. Of course, we are interested in its development somewhat more than other banks, inasmuch as we have invested considerable resources in its development and formation.

Today the situation is such that the system has already been joined by about 30 banks, and 50 have signed a contract and are awaiting the delivery of terminals. "Golden Crown" has received the support of banks in Chelyabinsk, Khabarovsk, Izhevsk, and Komsomolsk-na-Amure, and active work is being conducted in Moscow and St. Petersburg. As to the Siberian Trade Bank specifically in the "Golden Crown," for the time being we are working most actively in Novosibirsk, where contracts have been signed with more than 150 trade enterprises. We are beginning work in Moscow and St. Petersburg, and it is possible now to acquire cash there with a card. It is too early to say that the system has already paid for itself, but if its development proceeds at the same rate, the interest of banks, enterprises, stores, and citizens will not decline, and if there are no big flaws in marketing and advertising campaigns and terminal supply firms cope with the increasing volumes, then "Golden Crown" will not only justify its expenditures but will also become one of the most profitable directions of our activity. As for the work of the Siberian Trade Bank in the sphere of the development of "Golden Crown" abroad, we have signed a contract on cooperation with the German bank Deutsche Verkehrs-Bank, owing to which we will be able to set up terminals to all airports and railroad stations in Germany.

7. Where is it possible to get detailed information on the work of the bank?

[Answer] We regularly publish material in the press on the work of our bank, and we try to see to it that those who are interested learn about all of the changes in our work. Moreover, detailed information on the financial activity of the bank is contained in prospectuses on emissions of the bank, with which it is possible to become familiar in the bank's securities department. As for specific questions—conditions of service, tariffs, and interest rates—you can always query employees of the pertinent departments of the bank, and they will give you the needed advice.

8. Your bank refuses to give out money in a preterm cancellation of an agreement. What is to be done if the current conditions are not satisfactory but the bank refuses to pay the money—go to court?

[Answer] We never refuse our clients payment of the sum of the deposited investment and payment of the accumulated interest, and we always operate strictly according to the rules. If you are not happy with the changing interest rate, you can cancel the contract at any time, but through compliance with all of its conditions—upon early cancellation of a contract, the bank pays the client interest at the moment of cancellation based on the rate "before the call." Today this rate is an annual 40 percent rate.

9. When the Central Bank lowered its rate, all the other banks actively followed its example, but why are they not increasing rates now?

[Answer] We cannot answer for all other banks, but as for the Siberian Trade Bank, starting on 1 November 1994 we raised the interest rate on people's deposits from 90 percent to 102 percent annually (deposit for a month).

10. Is there a possibility of "scattering" foreign currency exchange centers for those who buy large sums and small sums?

[Answer] Foreign currency exchange centers, just like Siberian Trade Bank centers for serving people, are located in various rayons of the city. One of the main service problems is that clients more readily go to the central office itself (where we actually exchange large sums of foreign currency by preliminary application), although other branches of the bank are literally only a few steps away. I would like once more to assure our depositors and other clients that all exchange centers, departments, and branches of the Siberian Trade Bank are one bank, whose measure of reliability does not depend on geographical location.

11. Does the bank have a license to conduct banking operations?

[Answer] Of course. And not just this license. Today, we have a general foreign currency license that authorizes us to conduct all types of foreign currency operations and the so-called "gold" operations—permission to conduct operations with precious metals.

12. Are new types of private investments being planned?

[Answer] Yes, we are planning several specialized investments. But it must be said that the new types of investments do not bear significant changes in the work with deposits of citizens in general. A private investment remains a private investment, and only certain contract conditions change. Incidentally, rather recently we introduced a conditional investment. This type of investment makes it possible with a minimum of risk to conduct an operation for the purchase-sale of automobiles, real estate, and expensive commodities. The scheme is simple: The buyer deposits money in the name of the seller, which the seller can use only in fulfilling the conditions of the transaction (according to the conditions of the deposit). Of course, this deposit is not only for sellers and buyers, it provides enormous opportunities for material incentives, and with the assistance of this deposit you can also conclude marriage contracts and bets...

13. What dividends can be expected?

[Answer] Dividends are paid to stockholders at the end of the fiscal year, and their size is determined by the general stockholders' meeting. If you recall, last year we paid out dividends at a calculated 500 annual percentage rate. Time will tell what it will be this year, but right now we are planning to end this year stably, if not with super profits.

14. What are the prospects of changing interest rates on citizens' deposit accounts?

[Answer] Interest rates on citizens' deposits change depending on changes in Central Bank rates. If they increase, rates on citizens' deposits will also increase.

15. Will the STB [Siberian Trade Bank] be able to finance the development of mineral deposits in Novosibirsk Oblast, and on what conditions?

[Answer] All investment projects are examined individually, they are quantified, and a decision is reached. Today, the Siberian Trade Bank finances the development of bauxite in the Urals and large investment programs for the purchase of grain and housing construction.

16. How much time is taken up at your bank in serving a client, and how much time must he spend on getting his money?

[Answer] The procedure of getting money and drawing up a contract does not take more than five minutes. Much more time is taken up waiting. In our bank today the number of clients exceeds the capabilities of the operational halls to give them quality service. We are now planning to improve our infrastructure so that each client can receive or deposit his money without any problem or a long wait.

17. Your bank has 100 billion of irretrievable credit, how do you plan to get out of this situation?

[Answer] We have recently begun to receive very many similar questions, from both representatives of the mass media and citizens. These questions arise on the basis of rumors and incorrect representations about the work of our bank. Not one of these rumors has yet been reliable. Regarding credits, I can say that our bank treats the question of issuing credits very seriously, and it carefully checks on the financial position of the borrower, be it a bank, an enterprise, or a private person. We simply cannot permit ourselves the luxury of irretrievable credit, and we cannot betray the trust of our clients, because the Siberian Trade Bank intends to operate for a long time, and not only in Russia but abroad as well, and this requires a good name and stable development. And one more detail—to conduct an audit inspection we have invited one of the leading European firms, Price Waterhouse, to our bank, spending hundreds of thousands of dollars for this work. This cannot be permitted by a firm that has big flaws in its financial dealings.

18. Why does your bank regularly delay client payments?

[Answer] This question can be related to those tricky questions that are asked by the press. Figures like this can be cited in reply: We process more than 110,000 payment documents every day, and in the first half year we received 27 delayed payment complaints, and in the third quarter 51, of which 46 concerned delays in interbank accounts. The bank's daily turnover exceeds half a trillion rubles, and the total amount of the complaints is R400 million.

19. What cities have bank branches?

[Answer] We have branches in Moscow, St. Petersburg, and Kaliningrad. By the beginning of December, branches will be opened in Kamensk-Uralsk and Barnaul, and by the New Year we plan to open branches in Vladivostok and Gornyy Altay. The bank has submitted documents on opening three offices abroad. On 24 November an office will be opened in Dusseldorf, and we plan to open an office in Estonia in December-January, and then one in the United States.

20. One gets the feeling that your bank is refusing to work with small firms. Is this so?

[Answer] To say that we refuse any kind of clients would be incorrect. The situation is such that at the present stage we cannot accept the accounts of all enterprises for service without exception, and everyone who wants to open an account with us goes through a definite reliability check. Of course, it is more profitable to work with large enterprises, but this does not mean that it is not necessary to work with small enterprises. Recently we introduced some differentiation of service and established a special service for work with especially large clients; this is a normal step and is accepted in the world banking business. As for smaller clients, as soon as our infrastructure gathers the necessary strength we will be able to work more actively with small enterprises.

#### **Maritime Admin Chief To Reduce Bureaucracy**

954F0299A Vladivostok VLADIVOSTOK in Russian  
9 Nov 94 p 1

[Report by VLADIVOSTOK correspondent Valeriy Venevtsev under the rubric "What Is New?": "Yevgeniy Nazdratenko Intends To Cut Administration Staff"]

[FBIS Translated Text] *The head of the kray administration, Yevgeniy Nazdratenko, held a press conference on Friday. At the meeting with journalists the governor said that he intends to cut the staff of the kray administration and city and rayon administrations.*

Nazdratenko said that in his opinion the staff is "a bit large," and therefore the number of kray bureaucrats will be cut by 72, and those at city and rayon level—by 227

(according to our VLADIVOSTOK correspondent's information, such cuts were supposed to take place as early as the beginning of this year). The governor also said that the number of deputy administration head positions will be dramatically reduced—from 13 to five. However, Nazdratenko said, the deputy heads whose jobs will be eliminated will not be fired but will become department heads—another personnel innovation in the Maritime Kray administration. The governor refused to be more specific regarding personnel reshuffling.

Nevertheless, as our VLADIVOSTOK correspondent learned from a source close to the kray administration, as a result of reforming the White House structure Vice Governor Igor Lebedinets will become the second person after Nazdratenko and will coordinate the work of the remaining five deputies. The latter, according to the same source, apparently will include current Vice Governors Mikhail Savchenko, Nikolay Pimenov, Gennadiy Tokulenko, and Vladimir Kolesnichenko.

#### **Maritime Militia Chief on Fighting Crime**

954F0299B Vladivostok VLADIVOSTOK in Russian  
9 Nov 94 p 3

[Interview with Militia Colonel Vladimir Ipatyev, chief of the kray administration of internal affairs, by VLADIVOSTOK correspondent Leonid Severin; place and date not given; under the rubric "Law and Order": "Vladimir Ipatyev: Only Joint Efforts Will Enable Us To Defeat Crime"]

[FBIS Translated Text] The kray administration of internal affairs [UVD] held a press conference on the occasion of Maritime Kray Militia Week. Chiefs of the UVD's leading services were present.

The first to answer journalists' questions was the kray UVD deputy chief, Colonel Yakov Shevchenko. He briefly described the crime situation in Maritime Kray over nine months of this year. It was noted that the militia had been able to achieve certain successes: The rise in the crime rate was halted, and is now declining. As compared to last year, 2,600 fewer crimes were registered in the kray. There was a decline in the number of murders, aggravated assaults, and armed crimes. The wave of apartments burglaries was brought under control somewhat—there were 2,000 fewer this year.

The chief of the UVD, Militia Colonel Vladimir Ipatyev, appointed to this job exactly a year ago, talked to a VLADIVOSTOK correspondent about the work of the Maritime Kray militia in more detail.

[Severin] Vladimir Fedorovich, many people associate your arrival in the top position in the kray administration with qualitative changes in both the structure and the operations of the Maritime Kray militia.

[Ipatyev] A year ago, when changes took place in the top echelon of the kray administration of internal affairs, we promised to achieve certain results, and we have kept



our word. The rate of crime-solving increased by 17 percent over nine months, and if we look at the half-year results, it is worth noting that militia personnel arrested one criminal in two.

A contribution to this good work was made by the newly created militia formations: the stationary and mobile patrol regiment, units for combating crime against foreigners, and rapid response groups that were set up in the Maritime Kray's largest cities. Fourteen GAI [State Motor Vehicle Inspection] round-the-clock checkpoints are currently operating on major highways—we have talked more than once about their effectiveness.

As to personnel recruitment, lately we have trained and hired 4,500 persons. We have increased the number of militia schools and auxiliary training facilities, and beefed up the instructor staff, half of whom now are candidates of science.

[Severin] Are you not afraid that by hiring so many rookies you are diluting the ranks of law enforcement and facilitating access to your information on the part of criminals?

[Ipatyev] There is no question that such a danger exists. We know for a fact that with the current procedures of hiring new staff the possibility of alien elements penetrating the service cannot be ruled out. To combat this, a security service has been set up in the kray UVD, which ensures protection of our personnel.

[Severin] Vladimir Fedorovich, to the best of my knowledge it was after your appointment to the post of the kray UVD chief that large-scale operations such as Signal, Arsenal, Foreigner, and Hemp really went into high gear. Do you not think that the utility of such operations is quite low?

[Ipatyev] Permit me to disagree with this contention. The operations are not a waste of effort: Each brings results. Any large-scale operation allows us to concentrate additional resources in a specific direction, at the same time avoiding distracting local personnel. Many operations were implemented jointly with the Federal Counterintelligence Service [FCS], the procuracy, the border troops, and customs. As to specific results, they have been mentioned in the press on numerous occasions. I will only remind you that we confiscated large quantities of weapons, as well as 1.5 tonnes of drugs and raw materials for their manufacture. We uncovered 40 crimes committed by members of criminal groups. We confiscated from them 24 units of firearms, including three submachine guns, as well as 7 kg of explosives. We deported 2,800 foreigners. These are all the results of large-scale operations.

By the way, speaking about foreigners. They present certain problems. For instance, over nine months of the current year foreigners committed 534 crimes, and 316

crimes were committed against them. The former figure is 2.5 times higher than that for the last year, and the second—almost one-third lower.

Because major trade arteries go through Maritime Kray (there are eight visa ports and five border crossing points to China on the territory of Maritime Kray), it attracts criminal structures from both Russia and contiguous states like a magnet. Shadow economy dealers use Maritime Kray as a point of transfer, through which minerals, metals, and marine products are smuggled out and drugs and arms are brought in...

To deal with the problems created by it we have a liaison set up with the authorities of Heilongjiang province in China. This is not enough. We are asking for an Interpol branch to be opened in Maritime Kray. We also need to establish close contacts with the organs of internal affairs of CIS countries. Decisions made by the kray administration regarding foreigners are either denounced or rejected in Moscow. The only thing we have been able to achieve is to impose visa requirements on Chinese citizens' entry into Russia.

But foreigners are not our only headache. We are more concerned about juvenile crime (one in seven crimes is committed by juveniles or with their participation) and crimes committed in a state of alcoholic intoxication—we are today the most drunken kray. Labor Treatment Facilities and militia juvenile rooms have been liquidated but nothing brought in to replace them—there is no system of prevention of child neglect and alcoholism. But the militia is not sitting around waiting: The kray UVD has drafted a crime-prevention program for 1994-1995; we have begun to implement the comprehensive interagency Operation Juvenile. Also at our initiative local administrations made a decision to reserve summer jobs at enterprises for juveniles.

[Severin] And the last question: It is very popular these days to say that there is a virtual war between the militia and the criminal world these days. According to information distributed by the UVD press service, nine militia officers were killed and 34 wounded by bandits. Are our militiamen poorly prepared for combat actions?

[Ipatyev] The problem is that until 1991, when a new law on the militia came out, weapons could be used only in the most critical situations. In the past officers were told to first fire a warning shot, and only then shoot to kill. Criminals, however, as you may well imagine, shoot without warning... We are currently conducting special psychological training of internal affairs personnel, training them to act in line with the powers granted by the law on the militia with respect to use of firearms, special means, and physical force...

It does happen that officers die or are injured because of their own insufficient professional training. But the main cause is the fact that there are a tremendous number of firearms in the hands of the population, including criminals. The criminal world resists, and as a result our officers—and sometimes innocent bystanders—die.

Of course, we prepare our personnel, train them. I myself constantly work on staying in shape—I go to the shooting range every Wednesday and practice. But I would like to point out that it is hard for the militia to combat crime alone. This requires joint efforts; we need to bring in both state and public organizations. The population should not stand by the wayside either. Only then will our personnel feel safe. And we will rid our streets of crime.

### **Closing of Vladivostok to Foreigners Eyed**

954F0346A Vladivostok VLADIVOSTOK in Russian  
16 Nov 94 p 3

[Article by Vladimir Rozanov and Aleksandr Maltsev, VLADIVOSTOK: "A Second Closure of Vladivostok?"]

[FBIS Translated Text] Russian authorities are beginning to talk openly about the need to "close the open port of Vladivostok." As we know, on 1 January 1992, by edict of RSFSR President Boris Yeltsin, Vladivostok was opened to the outside world. Now, after just two years of existence as an open city, it is difficult to answer the question as to whether the opening of Vladivostok was a boon or a disaster for its inhabitants.

Sergey Stepashin, director of the Federal Counterintelligence Service [FCS], stated in his speech in Izhevsk that the law enforcement organs of a number of territories of Russia—including Maritime Kray—have requested that the center introduce a regime of restricted entry and presence of citizens in these cities, especially citizens of other states. In the words of Stepashin, the Federal Counterintelligence Service intends to favor such requests and introduce a regime of restricted entry in these cities. The FCS director then listed the territories involved: Izhevsk, where firearms are manufactured (including the famous Kalashnikov automatic weapons) and ammunition for them, Arkhangelsk Oblast, where the Northern Fleet is based, and Maritime Kray, where another fleet—the Pacific Fleet—is based, and where explosions at ammunition storehouses are a regular event and automatic weapons to supply an entire company disappear from weapons rooms.

Stepashin stated that introduction of such a regime would not entail the new emergence of closed cities, but then he admitted that the idea contradicts existing legislation somewhat.

This speech of the country's chief counterintelligence representative contains several extremely curious aspects.

Official representatives of the FCS directorate for Maritime Kray had no comment on the report of their Moscow director as of the time this material was being prepared, citing that they did not have the full text of Sergey Stepashin's statement. In this regard, it is difficult to say with full confidence what exactly Russia's chief counterintelligence representative had in mind.

Nevertheless, the statement of Sergey Stepashin caused some shock waves in the highest echelons of leadership of Maritime Kray. In the words of Vladimir Ignatenko, representative of the president in Maritime Kray, he is completely unaware of the development of any such decision. Vladimir Aleksandrovich stated in conversation with a VLADIVOSTOK correspondent that he had not received any such draft proposals through official channels. This is all the more strange in that the preparation of decisions on that level involves drafts of documents being sent for coordination to the leaders of Federation entities, who are directly affected by such a decision.

Ignatenko himself and the representation of the president in Maritime Kray entrusted to him did not present such requests to Moscow. In his words, Russia has an adequate number of decent laws that can help oppose the onslaught of crime. The only problem is that they must be implemented more energetically, and most importantly—more effectively. Mr. Ignatenko stated that the adoption of yet one more prohibitive act adds to the troubles of staunch law-abiding citizens, while the real outlaws are easily able to skirt around it.

In principle one can agree with his position, citing the experience of recent years still fresh in our memory when there existed in Maritime Kray a regime of restricted entry of inhabitants of other regions of the USSR. However, this had absolutely no effect on the number of people of southern appearance in city markets.

It is logical in principle to suppose that adoption of a decision to "close" Maritime Kray and Vladivostok would be advantageous to the militia, which must struggle with foreigners on a regular basis. The addition of a not very elaborate monitoring service would significantly simplify operations in the criminal world.

During the course of operations under the code name "Foreigner," the main emphasis so far has been on citizens of neighboring China. But the militia has not even been able to grapple with inhabitants of the near abroad. And this despite the fact that residents of the newly sovereign states, following the collapse of the USSR, are exerting a serious influence, as many militia officials acknowledge, on the deteriorating crime situation in the city and kray.

Information obtained recently from unrelated sources both in the kray administration and in law enforcement organs testifies to the fact that deep within the organs of law and order, the concept of conducting an "Operation Foreigner" where the main targets will be citizens of countries of the so-called near abroad—is ripening. It is entirely possible that the aim of such an operation would be to lay the groundwork for introducing in the kray a special regime regulating the presence of both citizens of Russia and foreign citizens.

The idea of restricting the entry and presence of certain categories of citizens in the city and kray will obviously have an immediate effect on the development of the

city's international ties. According to data of Moscow experts, Vladivostok is presently one of three cities with the most extensive international ties. Operating in the city are dozens, if not hundreds, of representations of foreign firms, including such well known companies as Lucky Goldstar, Honda, and others. The introduction of such a regime would put their existence in question in the space of one instant. Primarily because, according to fine old tradition, they will first send everyone who falls under the statute to outside the 101-kilometer border, and only then will they try to figure out who is more valuable.

It is traditional for Russia always to seek the easiest ways of resolving complicated situations. The level of crime has risen and the militia establishment has become incredibly inflated, burying the age-old wisdom "not through numbers, but through ability." It seems we have a similar situation emerging with the possible "closure" of the city. Instead of actually applying the fairly good laws we have, the Moscow leadership tries again and again to wage the struggle against crime not with ability, but with numbers. This time—through numbers of normative acts. True, no one with whom VLADIVOSTOK correspondents discussed this matter could provide any guarantee that a decree introducing entry and visit regulations for citizens in certain regions of the country would be introduced.

#### Dispute on Development of Irkutsk Gold Deposit Detailed

954F0294A Moscow OBSHCAYA GAZETA  
in Russian No 44, 4 Nov 94 p 2

[Interview with Vladimir Leshkov, by OBSHCAYA GAZETA correspondent Vladimir Kiselev; place and date not given: "There Is No Threat to Security"]

[FBIS Translated Text] Having discussed in Issue No. 42 of OBSHCAYA GAZETA the decree "On Developing the Sukhoy Log Gold Deposit in Irkutsk Oblast," that was enacted by the Russian Government, we assumed that the final dot had been placed over the final "i" in the protracted and scandalous story linked with the prospectors mining Siberian gold. But we erred. Last Monday there was a meeting of the State Duma's Committee on Security. The draft resolution mentioned abolishing Governmental Decree No. 1116. Yes, the one dealing with Sukhoy Log. The committee met for five hours without a break. The results were summed up by Committee chairman Viktor Ilyukhin, who stated that the previously prepared Committee resolution could not be adopted. That was obvious. In order to obtain explanations, OBSHCAYA GAZETA correspondent Vladimir Kiselev spoke to conference participant Vladimir Leshkov, doctor of technical sciences, academician of the International Academy of Informatization, and chief scientific associate at the Moscow State Geological-Prospecting Academy.

[Kiselev] Vladimir Grigoryevich, what did the basic debate at the Committee session deal with?

[Leshkov] It dealt with the same thing: Let us allow foreigners to get to Sukhoy Log, let us take advantage of their financial assistance in developing this very large Russian gold deposit, or we will burst a blood vessel in what is known to be a hopeless attempt to master this very difficult job independently.

[Kiselev] That is precisely what was discussed in the next to the last issue of OBSHCAYA GAZETA, in the article "Sitting on a Sack of Gold...." The topic of discussion was not just Sukhoy Log. Two positions arose: Should we take advantage of the aid provided by foreign investors and bring the country's collapsing economy out of its crisis, or should we continue to agonize, proud of our independence from absolutely everyone and everything?

[Leshkov] That is right. They shout, "We are selling out Russia!" But we already have the bitter experience of Udokan, where, in order to develop a very large copper deposit, a Russian mining company was especially created, after rejecting the offers made by world leaders in the mining industry. And then everything ended there. It proved to be impossible to build anything. Also at the Pokrovskoye gold deposit in Amur Oblast, a similar "patriotic" approach prevailed. A competition was held, and, obviously, it was won by Russian entrepreneurs. Then silence. The next example was Almaz Severa....

[Kiselev] But why? The English, the Australians, and the Germans are ready to invest in Russian projects for future profit. But our people want to grab a bigger piece—so nothing comes of it.

[Leshkov] Yes, because we are incapable of digesting it. What domestic entrepreneur is ready to invest R3.3 trillion in this Sukhoy Log, and then wait for about 10 years to get a profit? This deposit is a rather complicated one. Before extracting the gold, it is necessary to build a road, bridges, an electric power station, electrical-transmission lines, and start-up complexes. Even during Soviet times the government decided: We will do it! The government sent 12,500 construction workers to Sukhoy Log. At that time the petrodollars were still flowing like a stream. Even so, the country could allocate for the construction only a half billion rubles. Currently the state budget is empty. For three years not a single kopek has been invested in the project. People are hanging around without any work to do, and, naturally, without getting paid. They have begun disappearing in all directions. In addition, never before in Russia has the attempt been made to develop ore with such a poor gold content. Domestic technology for concentrating the ore exists. But, once again, introducing it at Sukhoy Log requires a considerable amount of money. Which a foreign investor—the Australian Star company—intends to give. It has already invested more than \$20 million.

[Kiselev] So far as I know, Star is ready to pay Lenzoloto \$250 million. But that is obviously insufficient.

[Leshkov] It is enough. It is enough to construct during a four-year period the first start-up complex for producing eight tonnes of gold per year. By using the money obtained



by selling that gold, a second start-up complex will be built. And so on. And that is the wonderful thing about the project. The gold does not leave Russia. The profit is reinvested in the development of gold mining and of the region.

[Kiselev] Are there any other companies that realistically could replace Star in Siberia? Why not have a tender?

[Leshkov] Yes, there were also proposals from other companies, but on considerably worse terms. Star, however, has tremendous financial capabilities. It is backed up by very large world banks and enterprises. The company is supported by the Australian Government. As for a tender, Artem Tarasov discussed that well at the Committee session. The person who frequently becomes the winner in tenders in our country is the one who gives the biggest bribe, or a "political" decision is made. For slightly less than three years the bureaucratic red tape has been tied up. Are we going to start another batch of it?

[Kiselev] Am I correct in thinking that the session of the Committee on Security also discussed whether it is possible for foreign specialists to gain access to classified geological information?

[Leshkov] The government's decree stipulates how to get out of this difficult situation. What is meant by "secret information"? At one time we had plenty of secrets. Definitely, the country's potential can be concealed, and perhaps it is also necessary as a whole to do that. But individual pieces of information, when a joint venture is being created, have nothing to do with this. Especially since so much has already been said about Sukhoy Log in the press, and very close figures have been given. And there is no reason why the specialists cannot mention the condition of the deposit base.

[Kiselev] But what did the Committee finally decide?

[Leshkov] The postponed making a decision. They decided to convene to study the question of a competent commission made up of representatives of all the interested parties.

[Kiselev] Do you really mean that the governmental decree is insufficient? After all, it took several months to prepare it. It bears the stamp of approval of 18 ministries, departments, state committees, and the Irkutsk Oblast administration. What other "interested parties" are needed?

[Leshkov] One has to regret very much the time that is spent in intrigues carried out behind the scenes. The project's profitability for the Russian side is obvious. The project makes it possible to use large capacities, and creates many additional jobs for Russians. The building materials and equipment, and everything else at Sukhoy Log, will be domestically produced. Star will provide only the money, and will bring in the best specialists. Every day that is lost is very expensive for Russia. There is a governmental decree, and the federal agencies must execute it within the indicated deadlines. And the state must strictly monitor what is occurring.

#### Criminal Investigation Head Interviewed

954F0318A St. Petersburg NEVSKOYE VREMYA  
in Russian 11 Nov 94 p 1

[Interview with Viktor Yakovlev, chief of criminal investigation administration of the Main Internal Affairs Administration, by Ilyas Vasipov; place and date not given: "The Turning Point Has Not Come Yet"]

[FBIS Translated Text] [Vasipov] Viktor Alekskeyevich, as you know, your professional holiday used to be called the Day of the Soviet Militia, and today it is the Russian Militia. In your view, are there any qualitative differences between these two concepts?

[Yakovlev] I think so, and above all from the standpoint of legislation. After all, we have recently adopted a number of laws providing for the work of law enforcement organs. On the other hand, the situation has changed, and different kinds of crimes have appeared.

[Vasipov] What are your efforts directed toward today?

[Yakovlev] The criminal investigation administration includes 15 departments, that is, the work is actually being done in 15 areas. Significant forces have been assigned to investigating murders, crimes against the individual, and bodily injury.

[Vasipov] And how is work progressing on solving the sensational crime involving the eight-year-old Kostya in Maritime Kray?

[Yakovlev] That work is not ceasing. We are aware of the danger presented while the perpetrator remains free. A special group has been created, and it is doing an immense amount of work.

[Vasipov] It is not possible to speak of certain results of last year. What would you include among your subdivision's assets, and what are its liabilities?

[Yakovlev] At a recent conference, where they summed up the results of the subdivision of the main administration for the nine months, it was noted that there has been a certain amount of stabilization of the operational situation. In particular, the number of crimes has decreased except for serious ones. Indicators of crimes solved through criminal investigation have increased. Measures adopted by the Main Internal Affairs Administration have made it possible to increase the level of solving crimes through the public security militia to 83.4 percent. The situation is more difficult with respect to serious crimes. Unfortunately, so far we cannot speak about a serious turning point or significant results in solving serious crimes.

[Vasipov] The public is interested in crimes that have great political reverberations. I have in mind the beating of the lawyer Kheyfets and the St. Petersburg television leaders.

[Yakovlev] The case of the attack on Kheyfets has already been solved. A group of young people have been arrested on suspicion of committing that crime. The work for apprehending the criminals who attacked Bella Kurkova is continuing. Three criminal groups who made their living on thefts in the microrayon where Kurkova was beaten have been arrested. But solving such crimes always takes time.

## INTERNATIONAL AFFAIRS

### Churkin on Foreign Policy, Future Plans

954F0369A Moscow LITERATURNAYA GAZETA  
in Russian No 46, 16 Nov 94 p 13

[Interview with Russian Ambassador to Belgium Vitaliy Churkin by Denis Molchanov; place and date not given: "Do I Want to Become the Minister?—Vitaliy Churkin Repeated the Question of Denis Molchanov, LITERATURNAYA GAZETA Columnist, and Gave Two Answers Prepared for This Occasion"]

[FBIS Translated Text] [Molchanov] Vitaliy Ivanovich, after your appointment as ambassador to Belgium, the press has been chewing over several probable reasons for Churkin's "removal" from Moscow. Two versions are the most popular: Kozyrev sensed that you have already accumulated a critical mass of political influence, have become dangerous as a possible competitor, and decided to remove you from harm's way. The second—you yourself decided to stay put for a certain time, and when the "temporary" government leaves the scene, the intelligent, talented, charming, and unblemished Vitaliy Churkin will turn out to be the first candidate for the post of head of the Russian MFA [Ministry of Foreign Affairs]. What do you think of talk like this?

[Churkin] It is pleasant, when your fate is of interest not to just yourself alone. But I have to disappoint someone: Neither a plot against me, nor a plot with my participation exists. It is simply that I have been a deputy minister for two and a half years, and this is my fourth assignment in the last eight years. Of course, the work is very important and honorable, but... You understand, in the final analysis, there are several deputy ministers, but there can be only one ambassador. Moreover, NATO headquarters is in Brussels—besides I alone will represent Russia in this organization. Perhaps, while working in Moscow, I was closer to the center of the formation of political policy, but the position of ambassador, undoubtedly, is a more independent one, and this is very interesting to me as a professional. Especially since having the rank of Extraordinary and Plenipotentiary for four years already, I never worked as an ambassador yet. And this is valuable experience.

[Molchanov] Meaning, you yourself want to leave?

[Churkin] Yes.

[Molchanov] But, recalling these two and a half years, do you regret anything? Do you think that you did everything you could?

[Churkin] Let us look. For a long time, all of Europe, with the exception of Ukraine, Belarus, and Moldova, were in my sphere of activity. There was a Department of General European Problems; that is, the Council of Europe, the CSCE, NATO, North Atlantic Cooperation Council, etc. Later, a reorganization took place in the ministry, and Northern, Western, and Southern Europe remained "in my jurisdiction." This is so that it would be realized what we are talking about.

There were four basic problems. First of all, of course, Yugoslavia. Then the Baltic states. The third problem—NATO and the Council of Europe. The fourth—the development of an agreement on partnership and cooperation with the EC [European Union].

Today, I can say that a definite logical policy underpins each of these four directions, and possibilities are being opened for a new stage. The first removal of sanctions from Yugoslavia has just occurred, and I consider this entirely fitting. At the very least, troops have been withdrawn from the Baltics. And, incidentally, the question concerning compensation, which was demanded of us, has been closed. We developed the "Russia-NATO protocol," and we have joined the partnership program. Of course, it does not happen that at some moment you would say to yourself: Well then, this problem has been firmly locked up, and a new life starts tomorrow. But I will honestly say that I am satisfied with the results of my work.

As for mistakes... Well, perhaps we should have realized as early as the beginning of 1993 that the Vance-Owen plan was not acceptable to the Serbs. However, we succeeded in correcting ourselves.

[Molchanov] By education, you are an Americanist, but for more than two years in a row, you worked on Europe...

[Churkin] For objective and subjective reasons, the United States is a more difficult partner for us than the European Union. It seems to me that a politico-cultural layer lays at the foundation of the foreign policy course of the Europeans, while the strategy of the United States depends more on periodic elections, on what the press is saying, and on the results of public opinion polls. They are continuously slightly feverish.

[Molchanov] That is, Europe reacts less to emotions?

[Churkin] I think that the point is that the EU [European Union] is Europe 12, and, if any country, such as Germany, for example, goes through 16 electoral campaigns in a row, this is compensated by calm in the remaining members of the union. Although everything is in motion, and Europe is still finding itself. For example, not everything is clear with Maastricht.

But the main thing, I am convinced: The EU has firmly taken the path of cooperation with Russia.

[Molchanov] All of this is remarkable, and I am confident that as a professional you did a lot to have grounds for such convictions. But it is well known that policy is not always made only by professionals, which leads to regrettable results. You had occasion to correct the mistakes of senior officials. I have in mind all of these Germanys and Irelands. Do such incidents have political consequences?

[Churkin] I would not begin to dramatize what you call the "Germanys" and "Irelands." But, in general, a certain confusion in words and actions, of course, is not useful. Although our partners, in my opinion, have begun to get used to the idea that "that is the way things are done in Russia..."

[Molchanov] That is, take us as you find us?

[Churkin] When I first began to work, I felt extremely nervous, and I worried. But now I have gotten accustomed to this state of chaos. Of course, I would like all statements and behavior to be carefully considered.

[Molchanov] And, in your opinion, is there a possibility of adhering to the principles of morality in international relations?

[Churkin] Look at the games of the United States with Korea, and with Kim Chong-il. These are serious games, despite the fact that there are no changes in the Pyongyang regime, and no adjustment is taking place in its policy. Even the opposite. We must not frighten ourselves: It is said that we are now such democrats that we cannot even shake hands with anyone.

We are obliged to make contact with people as they are. Our work is that way. Look at Yasushi Akashi, he has to encounter all kinds of people in Yugoslavia. He sometimes generally bears them with difficulty. But he is a diplomat, and a representative of the Secretary General of the United Nations in a conflict zone, and he is obliged to talk to Serbs and Croats and Muslims. It is the same with countries: In many states, even elections have never been held, but such is the international reality.

[Molchanov] You are an experienced diplomat, 20 years in the MFA. Does your ambition extend farther than the position of ambassador of Russia in the beautiful and tranquil Brussels?

[Churkin] I have now become less ambitious, very likely I am getting smarter with age. I do not think that I have any special ambitions. I am now working at a level that is quite adequate for the implementation of any kinds of career objectives.

[Molchanov] And, nevertheless, would you like to become minister of foreign affairs at some time?

[Churkin] I have two answers to this question. A long one... This is the most interesting work that a professional diplomat could have. But, you know, as Haig said,

quoting someone: "If someone asks me, I will not put forth my candidacy. But, if I am still elected, I will not serve, but if I am begged, I, perhaps, will still think it over." But I absolutely sincerely say that if this never occurs, I will not consider myself hurt. From which I proceed in theory.

[Molchanov] Tell me, is your wife happy that you are leaving?

[Churkin] I will not conceal it, yes. I have two little children: a nine-year-old daughter and a six-year-old son. It is mainly the wife who looks after them, and, of course, it is difficult for her. Certainly less burdens fall on my family today than on a majority of Russians, and there is already a definite level of everyday orderliness. But, nevertheless, things remain that make life difficult, and the wife wants some change in the situation.

[Molchanov] Do you get bored abroad? I know a lot of people who are so spoiled by our intensive life that a long assignment abroad is absolutely intolerable for them...

[Churkin] I will not be bored. Brussels is a very busy place, and my predecessor, Afanasyevskiy, even thinks that two ambassadors are needed there—one actually to Belgium and a second, at NATO. Generally, this direction will soon become one of the central ones for Russia.

As for nostalgia... I worked a long time in the United States, and I recall this constant almost painful feeling very well—you have a sinking sensation in the pit of the stomach...

#### **International Conference on Banking Integration To Be Held**

954Q0088A Moscow KOMMERSANT-DAILY  
in Russian 15 Nov 94 p 5

[Article by Maksim Akinov: "International Conference Opens: Bankers and Industrialists To Search for Strong Points"]

[FBIS Translated Text] *The creation of economic conditions that could interest bank capital in reorientation, with the acquisition of profit from purely speculative operations on investment in industry, will be discussed at the international conference "Integration of Bank and Industrial Capital," which opens today. Yesterday, a press conference was held in connection with the event at the Genreal Staff Academy.*

Spirited discussions of the idea of creating a financial-industrial group [FPG] began in the government back in summer of last year, and in December, 1993 (with the publication of an appropriate presidential decree), the idea received a legislative base. Obviously, in initiating the process of creating FPGs, the authorities are most of all pursuing the goal of taking state and former state (privatized) enterprises out of budgetary financing, and are supporting "decelerating turnover" in production, specifically, in the output of high-tech product. FPGs, it



would seem, have been assigned the role of "strong points," on the basis of which a general rise in the economy could begin.

It has been proposed, in fact, that problems of the creation and operations of financial-industrial groups be discussed at the conference that is soon to open (its organizers are the Ministry of the Economy, the Association of Russian Banks, Aviabank). The main problem concerning the development of FPGs is the creation of the forms and structures in the groups that would be capable of considering the interests of both industrial and bank capital. Today, many enterprises, for example, in the defense complex (considering the place where the press conference was held, the special accent on "defense" [oboronka] is probably no accident), have a need for the financing of high-profit long-term projects, however, in order to attract financial capital, the banks must be certain that the mechanism for returning funds invested is operational (you can read about approaches to the formation of such groups used by the banks, themselves, on this page).

The government needed a certain amount of time to come to the realization that orders and forcible attempts to coerce banks into making investments in industrial production were useless. It seems that at this time, the authorities' goal is the creation of the economic prerequisites for that process, by lowering inflation rates, optimizing tax and customs legislation and so forth. At the same time, at first the financial-industrial groups being created will be granted certain additional privileges, and this, most likely, will be reflected in the corresponding law (its draft was discussed in the Duma yesterday—see page eight).

The conference will run until November 17, and K-D will report on its results on Friday, November 18.

[caption] Ex-minister of the economy, Aleksandr Shokhin (right) tells journalists attending the press conference about the urgency of the creation of financial-industrial groups in Russia.

[Boxed item]

## COMMENTARY

In Russia, disputes between the government and bankers have never ceased over exactly what a FPG really is. The authorities, having adopted documents regulating the creation of groups, insists that the title "financial-industrial group" be conferred upon competitors by the government, itself, because the entrance of a group into the state register symbolizes that it has been recognized as viable, that it is able to become a leader in national industry. In return, the group is granted several privileges. Bankers assert that a true FPG is not only an enticing business plan, but an association of comparable amounts of financial-industrial capital. The current situation has become a reflection of these contradictions: the five groups registered recently are an association of

indigent enterprises, in which banks ("pocket" banks, as a rule) played a clearly subsidiary role. However, at the beginning of November, signs that government and bankers' views were converging began to appear: by decree, Boris Yeltsin approved the experiment of the creation of a bank FPG by ONEKSIM Bank, and proposed that the government include it in the register.

## ECONOMIC POLICY DESK

### Foreign Trade Bank Seen as Leader in Banking System

954Q0087A Moscow ROSSIYSKIYE VESTI in Russian  
17 Nov 94 p 3

["Foreign Commerce Bank Maintains Leading Positions"]

[FBIS Translated Text] Inkombank [Foreign Commerce Bank] recently celebrated its sixth anniversary. Vladimir Vinogradov, Inkombank president, noted at a press conference that a year of working under current conditions could be boldly counted as ten years. Having formed, in essence, in empty space, through its own efforts the bank has moved into key positions in the banking sector and in the country's economy as a whole. This is eloquently attested to by the fact that Inkombank holds third place in volumes of credit extended to domestic industry, yielding only to Sberbank and Agroprombank.

According to the results of the first nine months of this year, Inkombank's assets exceeded seven trillion rubles, credit investments reached almost 2.8 trillion rubles. Already the traditional leader in growth rates for those indicators, the bank has also become the leader in growth rates for funds and balance profit.

Over the last year, the bank has created reserves worth 62,652 million rubles in credit and investment risks. Delayed debts have been decreased to eleven percent, and by the end of this year, that indicator will be brought down to seven percent, which is the international permissible standard for a first-class bank. The bank's foreign network was broadened through the opening of a division of the affiliate Inkombank-Cyprus in the Cyprian city of Limasol, it has begun precious metal operations (gold and silver). Finally, Inkombank has increased its charter capital to 175 million dollars. This sum, according to expert evaluations, is sufficient to assure the growth of Inkombank's active operations by another one-and-a-half times without affecting its stability.

This year, Inkombank put onto the market, specifically, Bank-Klient, an automated electronic payment system that uses a digital signature. The system makes possible the transfer of virtually any information, and saves time. Also important is the fact that, thanks to this system, Inkombank, one could say, works around the clock, receiving and transmitting data at any time of the day or night. The Bank-Klient system is especially valuable to

clients from other cities, who can receive this service through the SPRINT digital information transmission system.

On the whole, almost all the results of Inkombank's operations this year can be characterized as a substantial step toward becoming a bank of international standards, a bank on a national scale with a hopeful future.

#### **Aleksey Arbatov Ponders Security Needs in Late 1990's**

954Q0061A Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA  
in Russian Jul, Aug-Sep 94

[Article by Aleksey Georgiyevich Arbatov, doctor of historical sciences and director of Geopolitical and Military Forecasting Center: "Russia: National Security in the 1990s"]

[No 7, Jul 94 (signed to press 30 May 94) pp 5-15]

[FBIS Translated Text] Oddly enough, in spite of the pronounced disagreements over virtually all domestic and foreign policy issues in Russia, there is a sweeping consensus on the strategic goal of national security policy. This goal is to remain one of the great world powers in the direct sense of the term—and not simply in line with our official UN status—in the turbulent and unexpectedly tense era following the end of the cold war.

With very few exceptions, all political currents and parties are in agreement today on this highest national priority, but there are some serious disagreements over what this actually means to Russia. For some it is a goal in itself, but for others it is only a means of attaining other goals. For some it is an unavoidable burden, and for others it is a glorious mission. The most heated disagreements, of course, break out over the means of attaining this goal, not to mention its actual reflection in domestic and foreign policy and the question of how the society and state should be organized in order to facilitate this strategy.

Most of these disagreements are completely understandable because they are the result of the transitional nature of the present stage of Russia's history, which began in 1985 and reached its culminating point in August 1991 and then again in October-December 1993. The results of national debates with regard to security and foreign policy issues and their effects on Russia's actual policy line (or drift) will determine Russia's relations with the outside world and its internal development. Furthermore, they will also have a significant effect on the prospects for Russia's national survival and rebirth and, by the same token, on the future of the whole world.

#### **Internal Factors of Russian Foreign Policy**

Throughout history (except during the phases of disintegration in the beginning of the 17th century and in 1917-1920), the Russian and then the Soviet nation

rested on four main, inseparable pillars. The first of these was a centralized, state-controlled economy, which was primarily expected to secure colossal military strength. The second was a strict hierarchical, authoritarian or totalitarian, political system and a messianic ideology, supported by colossal military strength and expected to direct this economy. The third was the construction of an empire, entailing endless territorial and political expansion, limited only by geography and by the resistance of other nations.

This expansion had a self-reproducing dynamic, securing the legitimacy of the totalitarian regime and providing new resources for the militarized economy and a purpose for the armed forces. The extension of the security perimeter created new vulnerable points and stimulated further expansion. For obvious reasons, this state was doomed to constant confrontation with the outside world, and this confrontation was the fourth pillar—the fundamental justification for the regime and all of its distinctive features.

In contrast to the West European empire, the Russian-Soviet empire was military-political rather than commercial-economic. It did not pursue the goal of the colonial plundering of other nations, but carried out the mission of augmenting the military-political strength of the nation and exalting the authority of the ruling elite over all nationalities, including the Russians. That is why the comprador local elites were easily integrated into the imperial structures, while the Russian people were deprived of the fruits of expansion and had to bear much more of the burden of the militarized repressive regime than the conquered or annexed nations. The international elite consoled them with fairy tales about the "national pride of the great Russians," but actually regarded them as lazy fools and cannon fodder.

The administration of the vast territorial expanses and spheres of influence required a bloated bureaucracy, which stifled the burgeoning civic society and bred torpidity, inefficiency, and corruption. The pervasive economic underdevelopment was a direct result of the state's suppression of economic freedom for the sake of the concentration of resources in the maintenance of the state itself and its hypertrophic military component. That is why the poverty of the Russians, who were completely devoid of rights, was always the other side of the coin of the great-power policy and the imperial majesty of the monarch or general secretary and the oligarchies supporting them.

Like any other empire, the Russian-Soviet empire had some glorious and heroic pages in its history in addition to the shameful and tragic ones, and it would be impossible and anti-historical to compare them, but like any other empire, the Soviet one (which was largely the successor of the tsarist empire) eventually entered a period of decline and then collapsed. Its nuclear weapons saved it from the historically typical end through defeat in wars with superior rivals. Another common type of

decay—resulting from agonizing defeats in colonial wars—was avoided (if we overlook Afghanistan) with the help of the policy of Gorbachev-Shevardnadze-Yakovlev, which secured a peaceful, although not always optimal, retreat as an alternative to the disintegration resulting from hopeless wars or a worldwide nuclear cataclysm. In 1990 Yeltsin completed the process by dissolving the Soviet Union, which had already effectively lost Ukraine, the Baltic states, and several other republics by that time.

None of the four pillars could have been destroyed without demolishing the other three. By the same token, it would have been impossible to keep any one of them without keeping the rest. In 1985 CPSU General Secretary Mikhail Gorbachev began with the fourth pillar—foreign policy (the “new political thinking”). He simply wanted to protect the Soviet Union’s resources, reduce its weaponry, and alleviate international tension. When he did this, however, he went a little further than he should have, crossing the threshold where Khrushchev had stopped in the late 1950s and from which Brezhnev had retreated in the mid-1970s. As a result, after the siege (or siege mentality) had been lifted, the gigantic fortress collapsed after a few years.

Boris Yeltsin rose to power on the wave of the death throes of the centralized and highly militarized economy and the loss of the goals, legitimacy, and effectiveness of the colossal state-party bureaucracy. When Yeltsin and his team moved into the Kremlin, however, they did virtually nothing to advance the democratic reforms in Russia or lay a solid political, legal, and institutional foundation for their authority and their economic program.

The new elite essentially tried to rule with the old semi-authoritarian methods and the same bureaucracy, which had been cosmetically refurbished, was proliferating with even more intensity, and was completely uncontrollable.

After the first agreements were concluded hastily in Minsk and Alma-Ata in December 1991, there was little effort to bring about the comprehensive revision of relations with the other republics. The reforms were launched without any consideration for political, military, or financial-economic relations with the CIS countries.

No attempts were made to review the defense needs of Russia or the CIS in light of the new economic, political, and security conditions or to put the army under strict political control by appointing a civilian minister of defense with his own staff and giving parliament real authority in this area. The president relied more on the personal loyalty of the top military leaders. The processes of armed forces reduction and withdrawal were largely of an arbitrary nature, and the defense industry was simply left without any defense orders or any assistance in conversion, marketing, and the development of export potential.

Priority was assigned not to a realistic and thorough reassessment of relations with the West in the political

and security sphere, but to the solicitation of economic aid and credits. Foreign policy and security strategy were essentially subordinate to this goal, which gave rise to a lengthy series of unilateral concessions on a variety of foreign policy and defense issues in 1992 and 1993. Furthermore, the means and the end quickly changed places: Foreign aid and IMF credits ceased to be a means of achieving economic reform and became a goal in themselves. The economic reforms (along with foreign policy) turned out to be only an instrument for the attainment of that goal.

The development of Gaydar’s economic reforms is not the topic of this article. Suffice it to say that the program of “shock therapy” was forced on an indifferent and uncommitted, quickly disintegrating society and led this society to an unprecedented economic crisis, administrative and social chaos, and the verge of civil war. The bloodshed in Moscow in October and the December election results offered final and indisputable proof of the failure of the first phase of market reforms and democratic innovations in Russia.

In the absence of any kind of alternative government program of reform, a general retreat began in Moscow. The moderate conservatives, headed by Prime Minister V. Chernomyrdin, initially hoped to revive some form of government wage and price regulation, increase subsidies, and support certain branches of the economy.

Apparently frightened by galloping inflation, however, they submitted a completely “monetarist” and inertial budget in 1994, with the aim of reducing the deficit at any price and obtaining more credit from the IMF. It is obvious that this budget will fall apart under the pressure of lobbying groups, which have ways of threatening the leadership. The results will be an even more deformed hybrid of the remnants of “Gaydaronomics” (smothering social spheres and new businesses) and the imperative subsidizing of the most vehemently anti-reform, “Soviet” sectors: the military-industrial complex, the fuel and energy complex, and the agroindustrial complex. Time will tell whether economic and political stabilization will be possible after two years of destructive “shock therapy” and whether social order can be achieved without giving up democracy and the very idea of market reform. Up to this point, retreat in one area has been accompanied by retreat in all other spheres, although it has been fairly spontaneous and uncoordinated because of the complexity of the political situation. After the October events in Moscow, President Yeltsin quickly began moving away from the idea of establishing genuine democracy. He reneged on his promise to hold early presidential elections, supported the undemocratic constitutional draft, and approved the manipulation of the rules of parliamentary elections and the adoption of the new Constitution. It quickly became clear that, regardless of his personal wishes and beliefs, the objective purpose of the new political phase was the expansion of presidential authority (and the omnipotence of his staff), the reduction of the powers of parliament (the Federal Assembly) and the judicial branch of government



and also of regional governing bodies, and the limitation of freedom of the press and personal freedoms (as the trial of V. Mirzoyanov behind closed doors and the increasingly frequent violations of human rights by officials with complete impunity have demonstrated).

Because of existing internal relationships, the spontaneous, sometimes even unconscious efforts—for lack of a better reformist alternative—to restore the economic features and internal political outlines of the traditional great-power structure, inevitably bring about the reproduction of other levels of the Russian-Soviet imperial system. This is the principal explanation for the shift in policy toward the “near abroad.” (This term, which is certainly not irreproachable and arouses political criticism overseas, is nevertheless being used here to underscore the distinctive features of Russia’s relations with the states that were just recently part of the same country as Russia. In no way does this imply the inequality of these relations; Russia is just as much the “near abroad” of those other post-Soviet republics.) On the official level, this was first apparent in the beginning of 1993, when President Yeltsin and Foreign Minister Kozyrev made several statements about Russia’s special responsibility for the maintenance of stability in the former Soviet Union, suggesting that the United Nations and CSCE should grant it the appropriate mandate (this idea was immediately dubbed the “Monroe Doctrine”). After the events of October-December, at the end of 1993 and the beginning of 1994 this became Moscow’s official policy.

The great-power nationalist ideal is being revived in the society in place of the communist ideology and has won the enthusiastic support of most of the establishment and the political elite. This transition was made easier and smoother by the fact that the official ideology of the Soviet Union in its last two decades was essentially imperial, with only a lexical shell of Marxist-Leninist phrases that few people took seriously.

The new military doctrine approved in November 1993 legalized the use of armed forces in internal conflicts, proposed a much more aggressive stance on the use of conventional and nuclear forces against the former Soviet republics and the NATO countries, and marked the end of the military reform and the reduction and withdrawal of RF armed forces from the post-Soviet zone. Under the influence of the election victory of nationalist V. Zhirinovskiy, with extensive support from the army, the leadership clearly began playing up to the attitudes of conservative elements in the military, security agencies, and the defense industry.

These changes did not have an immediate effect on Russia’s relations with the West for several reasons, including some reasons connected with economics and specific personalities. These effects are inevitable, however, and the first meaningful sign of this was Moscow’s refusal to endorse NATO’s “Partnership for Peace” proposals in the beginning of 1994. It was no coincidence that one Security Council official who criticized NATO’s

plan and defined the chief priority of Russian foreign policy as the reintegration of the former Soviet republics, declared that it is the goal of the West to perpetuate the disintegration of the Soviet Union, weaken Moscow’s military-political position, and control its foreign and military policies.<sup>1</sup>

There is no question that this strategy does not exist in the West, and that Russia’s misfortunes are mainly of its own making, but this does not mean that NATO’s policy is irreproachable, and this will be discussed later.

#### Changes in Approaches to Foreign Policy

Throughout most of Yeltsin’s first year in office, foreign policy—with the exception of relations with the “near abroad” (namely the conflict in Moldova and the disagreements with Ukraine over the Crimea)—was of secondary importance. By fall 1992, however, it became one of the main topics in the domestic political struggle. This was originally a result of the government’s domestic economic and political failures, but its behavior in the international arena also was more of a liability than an asset to the top leadership in Russia.

First of all, in 1992 it was unable to specify or even provide a general description of the new Russian national interests and priorities in terms that could serve as reference points in the decisionmaking process rather than in utopian slogans (like the “strategic democratic initiative”). It also took too long to realize that the chief priority of Russian policy after the breakup of the USSR was not relations with the United States or the IMF, but relations with Ukraine, Kazakhstan, Georgia, and other republics of the former Soviet Union.

Another failing was that when the leadership was dealing with the West, it created the impression of an endless series of unilateral concessions on the UN sanctions against Yugoslavia, Iraq, and Libya, the START-II negotiations, its own attempts to become involved in NATO and the “Big Seven” and to become party to the American SDI program, on the export of missile technology to India, its willingness to give Japan the Southern Kuriles in exchange for investments, etc. In some areas Russia’s concessions were completely justified, but the situations in which unsound positions were first taken publicly and then given up with ease under pressure from the other side discredited even the more tenable agreements.

Finally, foreign policy did not rest on regular cooperation with parliament or on any kind of solid support among voters, political parties and public organizations, and the press. The performance of the Ministry of Foreign Affairs was marked by inefficiency and numerous errors, and there was a total lack of interest in independent analyses of major political issues. In contrast to the Shevardnadze period, there was almost no contact with the academic community. This disorganization was characteristic, of course, of the whole foreign policy decisionmaking mechanism, and the Ministry of Foreign Affairs was only one part of this, but after

August 1991 the ministry was more integral than the Ministry of Defense, security structures, and the top policymaking agencies (the CPSU Central Committee, the union presidential staff, the Military-Industrial Commission of the Council of Ministers, and others). Paradoxically, the role of the Ministry of Foreign Affairs in the whole system was weaker than ever before, and this was accompanied by serious intradepartmental deterioration, which had to be the result of subjective factors.

The turning point in domestic disagreements over Russian foreign policy was probably the cancellation of the president's trip to Japan in August 1992. By cancelling a summit meeting at the very last moment, Boris Yeltsin first demonstrated his obvious vulnerability to the pressure of a mass nationalist political campaign. After this, the conservative onslaught on the government's foreign policy continued until the beginning of 1993, and it was only interrupted then by the more dramatic confrontation over constitutional issues and the April referendum of 1993.

Until the end of 1993, foreign policy, with the exception of Russia's relations with the "near abroad," was relegated to the background again, and all attention was focused on the escalation of the domestic political, economic, and constitutional crisis. Foreign policy did not become a matter of public concern again until after the tragic events of October, and it did this in an extremely strange manner during the election campaign of V. Zhirinovskiy. This was the start of the next phase of the struggle over Russian foreign policy.

Even before the crisis of October-December, the extensive realignment of forces in the foreign policymaking field throughout almost the whole year of 1993 paved the way for a substantial shift in Russian foreign policy. It had several facets, but all of them had the same purpose.

First of all, there were stronger feelings in favor of Russia's self-assertion and the definition of Russia's own national interests and its mission in the world, which began not only to diverge from the interests of the democratically developed countries, but also to conflict with them more and more. There was also increasing disagreement with all kinds of "universal values," the requirements of international law, and other "idealistic" aims as policy guidelines, and frankly geopolitical, strictly pragmatic, and egotistical approaches became increasingly popular. Anti-Western feelings became more discernible in public attitudes and political debates. Finally, Russia's relations with the "near abroad" took a prominent place in theoretical discussions and actual policy, leaving all other international issues far behind. It is particularly significant that all of these features culminated in the growing support for what had been called Russia's "Monroe Doctrine."

There were several reasons for this profound shift in policy. The main explanation was the deterioration of economic and social conditions and the growing dissatisfaction of the population with the reforms discussed above.

Any nation, particularly a great nation like Russia, has trouble admitting that it has failed again, in another attempt to live a proper human life and build a normal, civilized state based on democratic development and economic prosperity. This is particularly discouraging in view of the prominent positions the nation once occupied in the spheres of culture, education, and public health, not to mention military potential.

Instead of honestly admitting the failure, acknowledging the blame for it, analyzing the causes, and making another attempt, much of the public has fallen prey to the political incantations that Russia has a special road to travel, that it does not need freedom and prosperity, and that its greatness lies in a different kind of world mission, for the sake of which the people have to unite, tighten their belts, and force the outside world to fear Russia once again, now that it has refused to respect it. Invocations of this kind are psychologically appealing and are dangerous in an atmosphere of the national humiliation the Russians have experienced inside and outside the country in recent years. They suspect that they might be able to achieve national greatness without the long and painstaking ordeal of constructive labor, simply by returning to the tradition of self-sacrifice for the sake of internal and external "great-power interests."

This reversal made the political leadership more vulnerable to the mounting pressure of nationalist and aggressive attitudes, emanating not only from the public and the Supreme Soviet, but also from the bureaucracy, the army, the special services, industrial groups, and the primitive young private capital. In this way, the increasingly severe political conflict between the executive and legislative branches of government assigned much greater importance to support by the military and security services, and the competing segments of the new ruling elite tried to gain this support with the aid of neo-imperialist appeals.

Finally, the emergence of a new foreign policy elite in the Russian Federation, which was still too indistinct two years ago, is another factor in the Russian debates on security and policymaking. With the exception of a few intellectuals with liberal views and the professionals who gained experience in this field in the 1970s and 1980s, most of the political and military leaders are new members of the foreign policy club. They did not have to deal with the grim acknowledgement of nuclear realities and the limited value of colossal military arsenals in the difficult process of developing the theory and practice of mutual security and cooperation between states in the last two decades.

They have no personal experience with the oppressive responsibility for mistaken decisions, the futility of power politics, and the impossibility of controlling the escalation of conflicts. Many of them either do not know the agonizing history of the last years of the cold war and the decline and fall of the Soviet Union or believe that this experience is irrelevant today. They are in a hurry to

amaze the world with their quick resolution of the eternal problems of international life and often come up with inventions without suspecting that they were already invented, tested, and discarded as worthless by the international community decades ago.

The growing popularity and acceptance of this doctrine were accompanied by the regrouping of the four main categories of participants in the Russian foreign policy debates. The members of the group headed by A. Kozyrev, with just a few exceptions, who had previously adhered to the pro-Western stance, and many members of the moderate-liberal faction merged with the moderate-conservative group. Many members of the centrist and moderate-conservative groups moved closer to the advocates of a "hard line" in relations with the "near abroad," while the latter were more likely to agree with the radical nationalist views expressed by Zhirinovskiy.

Most of the professionals on the Ministry of Foreign Affairs staff moved further to the right than Kozyrev. An even tougher stance was taken by the top officials of the Defense Ministry, and most of the field army officers supported the radical nationalist point of view. Even the democratic and liberal factions in the new parliament, not to mention the conservatives, communists, and nationalists, united in the rightwing opposition to the Ministry of Foreign Affairs (which became apparent in February 1994 in the Duma's condemnation of the Russian-Georgian Treaty on Friendship and Good-Nighbor Relations and in the enthusiasm with which it supported the election of the pro-Russian president of Crimea, known to be a close associate of Zhirinovskiy's—see LITERATURNAYA GAZETA, 23 March 1994, p 11).

In the final analysis, therefore, only two main groups were left: the moderate conservatives and the nationalists advocating a "hard line." The differences between them, aside from their preferred methods and time frames (which would depend on circumstances), are the following. The former propose an agreement with the West on the division of spheres of influence: Russia would get the former Soviet "space," with the exception of the Baltic zone, and the West would get the rest of the world. The latter do not make an exception for the Baltic zone and are prepared to restore the empire, no matter what the West thinks, and would go against the West's wishes even if this were to mean a new cold war and global confrontation.

#### Russian Policy in the 'Near Abroad'

After the turning point of October-December 1993, the prevailing view of the Russian political elite on this matter was structured along the lines of the "Monroe Doctrine," as its advocates asserted with pride. This analogy, however, is incorrect: The "Monroe Doctrine" was announced by a young and vulnerable United States which had just repulsed Britain's second attempt at recolonization and the attempts of the European colonial

superpowers of that time (primarily Russia, Spain, and France) to reclaim the colonies in the Western Hemisphere that had just won their freedom. The doctrine was spearheaded against the Old World's military intervention on the American continent.

The United States was not the former mother country of its neighbors and was not viewed as a threat by them. The United States' imperial expansion began 20 years later (the war with Mexico for Texas and California in the 1840s), and its connection with the "Monroe Doctrine" is just as tenuous as the relationship of today's Russian idea to the Brezhnev doctrine. The announcement of the West, the Muslim countries, or China that they would not allow the restoration of the Russian-Soviet empire, particularly by military means, would be a correct analogy with the declaration of President Monroe. If we have to find a historical parallel overseas, today's pronouncements by official and private Russian political figures bear the closest resemblance to the "big stick" doctrine of President T. Roosevelt a century later.

Historical inaccuracies, however, are not the main problem of the formerly pro-Western liberals, centrists, and moderate conservatives in Russia who support this doctrine. In their opinion, Russia was assigned a "special role" because of its size, historical significance, and other advantages over smaller states, and because its strategic and political interests transcend its own territorial borders. The maintenance, and augmentation if necessary, of its dominant role throughout the territory of the former USSR is the fundamental goal of this Russian foreign policy line.

It is obvious that the prevailing thinking today underestimates the strength of nationalism and the memory of historical injustices in the smaller republics on the one hand, and overestimates Russia's resources and the ability of the officials in Moscow to keep the Russian nationalist extremists under control on the other. Ironically, the present "democratic" ruling elite, which rose to power as a result of the collapse of the Soviet empire, has completely forgotten the lessons of the decline of the USSR or is acting under the influence of the mistaken impression that these lessons are not applicable to its own policies because the breakup was caused by the actions of Gorbachev and Shevardnadze.

Its members mistakenly believe that the total independence of the other republics will cost Russia more in the economic, political, humanitarian, and defense spheres than broad-scale efforts to keep the other states under Russian control. They are also mistaken in their assessment of the degree of tolerance in the outside world for the Russian neo-imperialist policy and the regular use of force, which would be quite probable in the course of implementing this doctrine. Another error is that when the advocates of this doctrine declare the goal of securing the stability of the whole geopolitical territory of the former Soviet Union under a prevailing Russian influence, they are depriving themselves of the opportunity



for the intelligent and pragmatic choice of national interests and priorities. They should be looking for these where events will be of genuine importance to Russia's economic, political, humanitarian, or defense interests under the new regional and global conditions. Russia's involvement and intervention are most likely to automatically provoke local difficulties or depend on the location of the Russian ethnic minority and military presence inherited from the former Soviet and tsarist empires.

Neither the time frame and scales of Russian intervention nor its forms would be wholly under Moscow's control. The dynamics of Russian involvement are more likely to be decided by local participants in conflicts (who would like to involve Russia), independent institutions (such as the army, security forces, volunteers, or "Cossacks"), and the actions of the opposite side. Finally, the ability of the Russian people to tolerate material and human losses and their willingness to make further sacrifices for the restoration of the empire and for the glory of their leaders have been seriously overestimated.

Therefore, this philosophy might lead to results that are the direct opposite of the declared goal. Russia might become bogged down in local civil or ethnic wars with a rising number of casualties among its own citizens, increasing numbers of refugees, rising expenditures, and retaliatory acts of terrorism in Russian cities. Some small republics will have to unite their efforts for the economic, political, and military resistance of Russia. In time, they could get outside support—from the West, the South, or the East—accompanied by political and economic sanctions against Russia and the revival of the cold war in a situation that would be much worse for Moscow than the one in the late 1940s. It is obvious that this course of events would be incompatible with the democratic reforms in Russia. It would lead to the rebirth of the authoritarian, militarized state with a siege mentality and with centralized economic planning and distribution.

Russia's true national interests demand a policy that is completely different from the "Monroe Doctrine." The acknowledgement of "vital Russian interests" in some parts of the former USSR is justified, but the declaration of Russia's "special role" and "responsibility" is a different matter. Of course, no one should expect Russia to remain uninvolved when its own vital interests are at stake, but the whole problem lies in how these interests are defined and what kind of methods are deemed permissible for their protection. The prevention of dominant outside influence in the "near abroad" that is hostile to Russia is one thing, but Russia's attempt to establish this kind of dominant influence itself is another.

The use of diplomacy, and of economic leverage if this is justified, to secure concrete interests in a specific republic and active mediation in the resolution of conflicts are natural and desirable, but the fueling of internal friction in a neighboring state, the agreement to send volunteers and

weapons across the border to separatists, and direct military intervention (with the exception of operations to save the civilian population) are something else.

There is a strong mutual attraction, of course, between the former Soviet republics in the spheres of economic relations, interpersonal contacts, culture, and security, especially Russia, Ukraine, Belarus, Kazakhstan, Georgia, and Armenia. By virtue of the objective nature of these ties, however, one state cannot force them on another. A consistent policy of respect, the recognition of the sovereignty and territorial integrity of other republics, and honest and equitable cooperation in various fields would be the best way of stopping the effects of centrifugal forces in the post-Soviet zone. The highest priority of Russian policy should be the support of the emergence of independent, stable, peaceful, and neutral new states in place of the former Soviet colonial republics.

Many of the new states were unstable from birth and have lived in a constant state of conflict with Russia and with one another. Consequently, Russia's primary goal should be to help them reach at least the minimum level of stability and to settle conflicts without allowing the overexpenditure of its own dwindling resources by actively involving the industrially developed West in the economic and political structure of stability in this territory. At the very least, Russia should not compound instability and conflicts with its policies.

Russia has to be extremely careful about intervention in the affairs of other republics, even at the request of the local leadership (as in Tajikistan), so that it will not take on the responsibility to support one side in a civil war, dissipate its own material resources, and lose the lives of its own citizens in this war. Intervention for the purpose of establishing or maintaining peace should be based on multilateral (UN, CSCE, or CIS) decisions and actions. Russia's leading role—only in the cases when this is requested by others—should be the role of an active, unbiased, and resourceful mediator in the settlement of conflicts, and not a party to the conflicts, not to mention a catalyst in them.

Fans of American analogies might appreciate the "Good Neighbor Policy" of Franklin Roosevelt, formulated for Latin America as a counterbalance to the "big stick" policy and "gunboat diplomacy" of his predecessors. Incidentally, this U.S. president's term in office could serve as an example in other respects as well: He led the country out of an extremely severe crisis, saved it from fascism and communism, established a "strategic partnership" with a former enemy (at that time, the USSR), and eventually turned the United States into a great power and laid the basis for the international security system represented by the United Nations. There is no question that all of these accomplishments were closely related.

The friction and conflicts in Russia's relations with the other republics stem mainly from Moscow's duplicitous stance on the main issue: their territorial integrity. If it were not for this duplicity, many complications could

have been avoided in 1992-1994. Ideally, the Helsinki principle of the impermissibility of changing borders by force should serve as the foundation of relations between the republics. Borders should be changed only as a result of peaceful negotiations. The ethnic separatism in certain republics must not be rewarded.

There are two exceptions to this rule: first of all, when an individual republic initiates the revision of its own borders after, for example, it decides to unite with another state (Moldova with Romania, for instance); second, if the republic openly commits genocide against an ethnic minority and authorities take no steps to prevent it (as in the case of the Armenians in Azerbaijan in 1989-1990).

In these cases, the demand for separation (or reunification with another republic) by the ethnic minority would be legal. Various sanctions, including the use of military force as the last resort, are permissible in defense of minority rights. To avoid abuses of power (for example, the incitement of ethnic conflicts for the validation of military intervention), all of the necessary rules and mechanisms should be established in advance at CIS forums and should gain international recognition and support in consultations with the United Nations and the CSCE.

This applies completely to the approximately 25 million Russian-speaking individuals living outside the Russian Federation, whose future constitutes an integral part of Russia's vital interests in the foreign policy sphere. The protection of their rights is an indisputable sacred duty of all Russians, especially the Russian political elite. The price for its rise to power and for the sovereignty of the Russian Federation in 1991, after all, was paid by millions of Russians who were left outside its borders and frequently suffered discriminatory treatment and the loss of their rights and property, and sometimes even became the targets of physical threats. Regrettably, however, Russia has been unable to protect them effectively or to mobilize world public opinion in their defense.

This is due, first of all, to the absence of any carefully planned, general theory of relations with the other republics, including the status of Russians and other ethnic minorities as one of its basic elements. There is also another, more deep-seated cause, however. The underdevelopment of the civic society in Russia is the reason for the generally indifferent attitude toward human rights in Russia and with respect to fellow countrymen abroad (we should recall the tragic fate of the prisoners of war and displaced persons after World War II, the prisoners of war in the Afghan War, and the virtual absence of contacts with Russian emigres). There is no adequate program of assistance in the repatriation of immigrants from the "near abroad" in Russia. This is shocking in view of its vast expenses, the depopulation of whole oblasts, and its negative demographic dynamics.

It appears that the problem of the Russian-speaking individuals is still viewed more as an element of the domestic political struggle and a justification for foreign policy ambitions of a different nature. It is not surprising

that the official attitude toward the infringement of the rights of Russian-speaking individuals in the "near abroad" is more likely to depend on relations with certain republics within the CIS framework in the political and military spheres than vice versa. The inequality of Russians in the independent Baltic countries plays a much more perceptible role in Russian policy than their status in the ostensibly loyal states of the CIS and Russia's military allies in Central Asia, where they are frequently subjected to immediate physical danger.

In Tajikistan the Russian armed forces are fighting in support of one of the factions in the power struggle, although all of the Russians who had an opportunity to leave have already left that country. Those who were forced to stay have not been offered any kind of assistance in repatriation, and the withdrawal of the Russian troops is not even being discussed. The rights of the Russian-speaking population of Moldova ceased to be a topic of discussion as soon as the effective separation of the cis-Dniester zone had been accomplished with the aid of the 14th Army, although that is where only a minority of the Russian population of Moldova lives. The direct intervention of Russian troops in the ethnic conflicts in Georgia and the attempts to preserve a substantial military presence there (the largest in the CIS, with the exception of the still unresolved question of the Black Sea Fleet in the Crimea) have no connection whatsoever with the status of the Russian-speaking population. Then there is the pitiful position of the Russians in some parts of Russia itself (Chechnya and Tuva), where the restoration of law and order would seem to be the highest priority.

In general, the presence of armed forces under the jurisdiction of the Russian Federation in several republics is intensifying anti-Russian feelings and thereby compounding the difficulties of the Russian-speaking population. This, in turn, gives rise to the need to keep troops there indefinitely in defense of this population, and this has recently become part of official Russian policy.

Without denying the culpability of the political elite and population of some republics, we have to acknowledge an important fact: The experience of many countries in the world (particularly during the process of decolonization) proved that although military presence is capable of preventing the mass murder of civilians or securing the evacuation of those who are in jeopardy, it has never been capable of guaranteeing the civil rights of minorities on a permanent basis. Armed forces in the CIS have frequently been involved in internal ethnic and civil conflicts, and this has an adverse effect on their morale and discipline, causing them to supply the warring sides with mercenaries and weapons, state their own opinions on local matters, and escape Moscow's control (this happened in Moldova, Crimea, Abkhazia, Tajikistan, and Nagorny Karabakh).

In the present situation, the immediate withdrawal of Russian troops could provoke a new spurt of destabilization and violence, but the protection of minority rights

over the long range should be secured by other means. In general, as soon as Moscow begins to treat these republics as truly sovereign states, as soon as the inviolability of their territory is completely recognized and guaranteed by Russia, and as soon as all claims contradicting this, irrespective of their source, are resolutely rejected by the Russian authorities (including the Ministry of Defense), the situation will change completely. The republics violating minority rights will be held liable on the firm basis of legal and moral standards and will pay for this behavior. In this case, political and economic sanctions will represent a legal instrument, and even military intervention will be legal as a last resort—in the event of pogroms or acts of genocide against the ethnic minorities.

In this situation it would be much easier to mobilize world public opinion in support of the sanctions and to exert pressure to secure human rights. This cannot happen, however, as long as Russia's relations with the other republics are viewed by the outside world (and represented in Moscow by advocates of the "Monroe Doctrine") as conflicts over the decolonization process. In precisely the same way, the rights of the white colonists and their defense by the troops of the mother country were not recognized by the world community when the British, French, and Portuguese empires of the 20th century were collapsing in Africa and Asia.

Within this general framework, Russia's relations with individual republics should be based on the distinct circumstances in each separate case. In essence, the very attempt to make policy toward the "near abroad" as a whole is inspired by the imperial inclination to treat all of these states as former colonies of Russia. Their recognition as independent states, on the other hand, presupposes a special set of relations in each separate case, by analogy with Moscow's policy in Europe, in the Far East, or in the Asian Pacific zone.

(To be continued)

#### Footnotes

1. NEZAVISIMAYA GAZETA, 23 February 1994, p. 4.

[No 8-9, Aug-Sep 94 (signed to press 7 Jul 94) pp 5-18]

[FBIS Translated Text]

#### Russian Interests in the Post-Soviet Subregions

Without examining each republic individually, we can divide them into five groups, presupposing five fundamental, optimal Russian policy lines.

The first group consists of the Baltic republics and Moldova, which do not want reintegration with Russia and probably would not agree to this under any circumstances. After the Russian troops have been withdrawn and the ethnic problems have been solved (by means of legislative amendments in the first case and the autonomous status of the cis-Dniester zone and Gagauzia in the

second), Moscow will have less trouble restoring normal economic, trade, and political relations with these states, after special agreements have been concluded on the use of ports and lines of communication. It should be the goal of Russian policy to secure the neutrality of these states, or at least confine their estrangement to membership in the European Union or subregional organizations of Northern and Eastern Europe. These republics cannot pose any kind of threat to Russian security unless Russia's own policy encourages them to form a military alliance with other states, particularly through integration in NATO or more active military cooperation within the WEU framework.

The second group is represented by Georgia and Armenia, and to a lesser extent by Kyrgyzstan (at least as long as the present leadership remains in office there). The economic and political integration of these states with Russia is unlikely to be possible or necessary to them or to Russia, but this certainly does not negate the value of trade relations. These countries, however, will need Russian security guarantees, a Russian military presence, and the defense of their external borders against potential external threats (from Turkey and Azerbaijan in the case of Armenia and Georgia, and from China and the potentially Islamic fundamentalist Tajikistan and Uzbekistan in the case of secular Kyrgyzstan). Georgia also needs this kind of alliance to secure Russia's help in the observance of Georgian territorial integrity, which is being threatened by Abkhazian and Ossetian separatists with the support of the elites of the North Caucasian Muslim national groups (constituting part of Russia, but poorly controlled by it).

Russian security interests coincide to a considerable extent with Georgian, Armenian, and Kirghiz interests. The stability of the Transcaucasus is an essential condition for the stability of all of southern Russia and its geopolitical and economic interests in the basin of the Black and Caspian seas. Besides this, Moscow's commitment to the maintenance of security and its military presence in the Transcaucasus would give it additional leverage to guarantee the survival, the rights, and the autonomy of ethnic minorities in Georgia and to facilitate an agreement on the special independent status of Nagorny Karabakh. The restoration of Georgia's integrity would help Russia curb dangerous tendencies in the Northern Caucasus and guarantee the security of its southern regions (Stavropol, Krasnodar, and Kalmykia, with its close ties to Tatarstan and Bashkortostan).

The Russian-Georgian Friendship Treaty signed in January 1994 could be in the interests of both countries and of regional stability in the event of its scrupulous observance. Agreements of this kind should have been signed earlier, and without any demands connected with Russian military bases, but in close coordination with Russia's mediation to stop ethnic warfare and secure the rights of ethnic minorities in Georgia. It would be particularly dangerous to interpret the model of relations with Georgia, which was achieved under military pressure, as the optimal model and to extend it to other republics.

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The third group consists of Ukraine and Kazakhstan. In relation to the former, which is of particular importance to Russia, Russian vital interests should dictate a consistent policy of recognition of its independence and territorial integrity, which would strengthen the position of moderate leaders in Kiev. This would be the best way of reviving equitable and mutually beneficial cooperation between the two states and facilitating economic reintegration, interpersonal contacts, and close cultural ties. Russia's assumption of security commitments or a military alliance with Ukraine would seem to be impossible, however, because of Kiev's constant fears about Moscow's inclination to restore its dominion, and also because of the absence of an obvious common enemy.

Foreign policy cooperation through UN, CSCE, and other channels, however, and joint peacekeeping operations and some common defense programs are fully possible. In time, Russia and neutral Ukraine might have, without forming an official military alliance, the same kind of close relationship the United States has with Canada (incidentally, if it had not been for the cold war and their common enemy, the relations between them could have existed without a full-scale military alliance and could have been based on specific agreements and programs). It is Moscow's job to consistently take the initiative in developing equitable bilateral relations based on the unconditional recognition of Ukraine's sovereignty and statehood.

This policy, in combination with Russian-American guarantees of security and Western financial aid to Ukraine, would be the best way of eliminating nuclear weapons in Ukraine in line with the 1992 Lisbon protocol and the January 1994 American-Russian-Ukrainian tripartite agreement. Russia should definitely recognize Crimea as part of Ukraine and allow Kiev and Simferopol to formalize their relationship in the same way that Moscow is doing this with Tatarstan and Chechnya. As far as the Black Sea Fleet is concerned, neither Russia nor Ukraine can afford to maintain the whole fleet or even half of it. Russia should begin the radical reduction of this fleet on a unilateral basis, which would eliminate most of the problems connected with the division of the fleet and the bases.

By the same token, the policy of exerting constant pressure on Ukraine, taking advantage of the vulnerable aspects of the Crimean issue and the mounting friction between the western and industrialized eastern halves of the country, manipulating the supply of energy resources, and speculating on the instability and imminent collapse of Ukraine, is extremely counterproductive and can jeopardize Russia's own key security interests.

The actual result of this policy, which is being promoted by some experts, would be, at best, the increasing alienation of Ukraine, the disruption of natural ties, Kiev's search for outside support (from Germany, Poland, or Turkey), and its attempts to forge a closer relationship with NATO through the "Partnership for Peace" program for protection from Russia. At worst, it could cause

serious social and political destabilization in Ukraine, the separation of Crimea and the eastern oblasts, their armed confrontation with central authorities, and military intervention by Russia. This would mark the beginning of the Bosnian scenario in a country with nuclear weapons and nuclear power plants, fraught with unpredictable, but certainly monstrous, consequences for Ukraine, Russia, and Europe as a whole.

This scenario poses the most serious and sole external threat to Russian national security in the near future, far surpassing any other imaginable political, economic, or military situations in the world. It is the only outside factor capable of causing a national catastrophe in Russia.

Because Russia and Ukraine are truly inseparable, the less Kiev is pressured to accept a subordinate political role through a new alliance, the more quickly these natural interconnections will become a factor in Ukrainian policy and make the borders of the two states just as inconsequential as the borders in the EC.

To some extent, although to a much lesser one, this also applies to relations with Kazakhstan—another region of Russian vital interests for ethnic and economic reasons and security considerations. These include its natural resources, which were developed with huge sums of money from the USSR (oil, gas, uranium, and gold), the 6.2 million Russians living there, and the highly developed industrial, scientific, and military infrastructure.

The spread of nationalism and Islamic fundamentalism would be fatal for Kazakhstan and a tragedy for the Russians living there. Ethnic persecution and attempts at the forcible separation of Kazakhstan's northern oblasts would be certain to cause an ethnic armed conflict and force Russia to intervene. This would lead to full-scale war between Russia and Kazakhstan, whose allies would be the Islamic regimes in Central Asia and the whole Muslim world. In spite of Russia's military superiority, this kind of war would be interminable and exhausting, and it is impossible to predict the position China and the West would take. The war could give rise to ethnic and religious unrest in Russia itself. In the near future, this possibility is the second most dangerous—after the scenario of the collapse of Ukraine—external threat to Russia's security interests.

On the other hand, there is a deep-seated mutual need for economic integration, and Kazakhstan might be interested in Russian security guarantees against potential threats from China or the spread of radical Islamic ideas from the south. Alma-Ata would acknowledge the instability of its domestic economy and inter-ethnic relations and would want the closest possible relationship with Russia—the closest possible relationship entailing no risks to Kazakhstan's political sovereignty and the power of its national elite. In general, this coincides with Russia's interests.

Kazakhstan is in a unique position because it is located on the boundary between two cultures developing in different directions, two geopolitical regions, and two

levels of economic and political development. For geo-strategic, economic, and ethnic reasons, Russia cannot allow Kazakhstan's alienation and subsequent integration with Central and South Asia. Moscow's long-term strategy must envisage the separation of Kazakhstan from the rest of Central Asia, the maintenance of the secular government there, and the prevention of the destabilization and dismemberment of this state. The deep-seated cultural and political differences between Russia and Kazakhstan preclude full integration—in the form of a federation, for example—but a military and political alliance is fully possible and necessary, and so are close economic ties (that is how the West once separated Turkey, in spite of all their differences, from its Muslim surroundings).

Belarus is a special case and is in a separate group by itself. It never had any real desire for the independence that was forced on it by Russia and Ukraine in their actions to dismantle the USSR. That is why Belarus' recent reintegration in the ruble zone should have been expected, and it probably will be followed by economic and political reintegration in the federation. This should not, however, be viewed as a paradigm of the behavior of Ukraine and other states.

Minsk's return to the federation now is connected primarily with the recoil of the economic reforms and the curtailment of democracy after the failure of "Gaidaronomics." If the Russian democratic reforms are resumed in a revised form and democracy holds its ground, mounting internal friction will be inevitable in Belarus and will give rise to serious problems in its relations with Russia. The new phase of coordinated democratic reforms in the two countries would be the most preferable and beneficial option and a prerequisite for their extremely quick and natural reintegration in a federated state.

The fifth and final group consists of Azerbaijan and the Central Asian states—Tajikistan, Uzbekistan, and Turkmenistan. Azerbaijan joined the CIS and the collective security organization because it was losing the war with Armenia and Nagornyy Karabakh, which led to demonstrations against Baku within the country. This alliance is devoid of content, however, and the leaders of Azerbaijan are seeking and finding military assistance in Turkey and Afghanistan. Although Moscow should not alienate Baku, and it can only benefit from its mediation in peace talks, Azerbaijan will never be its ally in security matters, and it certainly will never agree to reintegration with Russia. (Of course, this does not mean that it has to be Russia's enemy or that normal political and economic relations will not be possible after a peace has been negotiated.)

The three Central Asian states, with their inflexible, traditional, semi-feudal regimes, want to establish closer ties with Russia (in the CIS, the ruble zone, the economic union, and the collective security organization and with Russian troops and border guards within their territory). Their motives for maximum integration, however, are

incompatible with Russian interests over the medium range. In essence, in spite of the arguments to the contrary by many conservatives and formerly liberal politicians (including the minister of foreign affairs) and of experts, Central Asia is the subregion of the least importance to Russia in the whole post-Soviet geopolitical zone.

This region is a potential source of danger, which should be restrained primarily by political methods, much more than it is a zone of potential political or military cooperation. Trade and cooperation in the use of lines of communication will be completely possible, of course, as long as these states are not Russia's enemies, but it is most likely that the three Central Asian states will move away from Russia more and more if the democratic reforms in Russia are continued, and that they will become part of the South Asian economy, political system, and security network.

The ruling regimes in those states are now trying to win Russia's military support for a struggle against local opposition movements by labeling them Islamic fundamentalists, but this could involve Russia in futile neo-colonial wars that would be contrary to its own interests and its domestic policy priorities. This is exactly what is happening today in Tajikistan, where the fight against the internal opposition, whose allies are the Afghan muhaheddin, is being waged mainly by the Russian army, to protect a regime supported by the leaders of Uzbekistan.

Russia should avoid direct military intervention in this region on the pretext of resisting the expansion of Islamic fundamentalists, which has been used for justification even by the minister of foreign affairs. Russian involvement in the war in Tajikistan is all the more inadmissible now that the Tajik and Uzbek leaders are pursuing their own policy of intervention in the civil war in Afghanistan and thereby linking the Central Asian situation with events in Afghanistan. These relations are not under Russia's control, and it is being used as a pawn in someone else's game. In addition to causing human and material losses, Russia's direct military participation unavoidably transforms the nature of a conflict, turning local and internal tribal warfare into a transnational anti-Russian, anti-colonial, and religious jihad, in which, just as in the Afghan War, Moscow cannot win a victory.

This conflict threatens to overthrow the present regimes in Uzbekistan and Turkmenistan, it will completely destroy the earlier border of the USSR (and a new border, protecting Russia, will not be established in advance), will threaten the Russians living there with a massacre, and in time will also destabilize Kazakhstan. The result of Russia's direct military involvement will be the direct opposite of the goals that are now being declared to validate this line of action. The situation was exactly the same in Afghanistan, but the present Russian leaders probably decided for some reason that this lesson did not apply to them.

Russia should not leave immediately, of course. It will take at least a year or two to resettle the close to 3 million Russians, withdraw and reorganize the troops, establish

a new fortified boundary line (preferably, jointly with Kazakhstan along its southern border), train and equip local government armed forces, if this is even possible, and normalize relations with opposition forces and the rival Afghan groups, but Russia's policy should definitely be a policy of gradual departure, and not a policy of futile involvement in the conflicts of the subregion.

### Regional Priorities

Russia's relations with the "near abroad," its geographic proximity to many regional conflicts and the historical causes of its involvement in many of them, and its international role as one of the great powers will not allow Moscow to stay out of political events in the main regions of Eurasia.

**Multilateral Measures To Restore Peace:** In the biggest and most dangerous conflict of the present day—the Yugoslav conflict—the tendency to follow in the wake of Western policy in 1990-1993 seriously injured Russian interests and the foreign policy reputation of the Yeltsin administration and the Ministry of Foreign Affairs. Moscow undermined its own position in relations with the United States and Western Europe and became an outsider in the international process of political decisionmaking in this area. This occurred in spite of the fact that it has much more at stake (in the foreign and domestic policy spheres) in connection with the events in Yugoslavia than any other large European power. Besides this, Russia missed the opportunity to take the initiative in stopping the war at the very beginning. On the basis of its special historical relationship with the Serbs, Russia could have been more successful than anyone else in gaining concessions from them and simultaneously protecting them from the discriminatory sanctions of the United Nations and the biased line of the West.

The shift in Russian policy after NATO's February (1994) ultimatum to the Bosnian Serbs was a shift in the right direction, but for the wrong reason. Moscow took the more independent stance, representing an instrument for the attainment of a temporary compromise, under the pressure of conservatives and nationalists, primarily in the State Duma. The Russian leadership should have taken this stance from the very beginning, without pressure from within. It was wrong to give up the initiative to the half-baked advocates of the hard line, because their pressure in other areas could have an extremely adverse effect on Russia's interests (which is what happened soon afterward in the case of the "Partnership for Peace"—PPF).

On the other hand, in view of the lessons of Yugoslavia, an essential condition for Russia's political cooperation with the West and the participation of its military contingents in multilateral operations to maintain or establish peace on the basis of UN Security Council or CSCE sanctions (similar to those in the Persian Gulf, Yugoslavia, and Cambodia) should be much greater Western sensitivity to Russian interests than in 1992-1993 and the proper consideration of these interests

when the Western countries make their own policy. The NATO air raids against the Bosnian Serbs in April 1994 were an example of the opposite approach and also demonstrated NATO's lack of political solutions and the ineffectiveness of coercive policy.

The West has to finally realize three facts and make three choices. First of all, it has to choose between punishing the Serbs and finding the means of a cease-fire. Yes, the Serbs are more to blame for the war, and the attempts of their reactionary military establishment to keep the empire intact did lead to a national tragedy, but now the main thing is to stop the shelling and find the optimal method of the territorial separation of the three different communities in Bosnia. Second, the maintenance of peace and the disengagement of the conflicting parties will require the massive and costly military presence of the ground forces of NATO along with Russia and a special UN mandate. This will be better, however, than facing the need for a massive military invasion for war with the Serbs if the new bombing raids and shipments of weapons to the Muslims (in accordance with the deeply mistaken U.S. Senate resolution in May 1994) cause the escalation of hostilities and the direct intervention of Yugoslavia, and then the involvement of Russia on the other side.

Third, the West in general and the United States in particular must encourage Russia in every way possible to play an active role, or even the leading role, in settling the conflict instead of acting jealous or fearful of the expansion of its role in the Balkans, which is how the West acted in the 18th and 19th centuries. This role, undertaken in interaction with the West, will be no threat to Europe, but will reduce the tendency of Moscow to take unilateral actions in the post-Soviet zone and will facilitate Russia's cooperation with the West in settling conflicts in the "near abroad."

As far as Russia is concerned, its chief dilemma in the Balkans is the pursuit of its own policy line, without which a settlement will be unattainable, without setting itself up in opposition to the West, which will preclude the restoration of peace and could even lead to a new confrontation in Europe. To this end, Russia and NATO should be ready to send a peacekeeping contingent of 40,000 or 60,000 soldiers to that region for the disengagement of the sides, the closure of the borders of Bosnia and Herzegovina to weapons, and the protection of safety zones. Bosnia has even less claims to integrity than Yugoslavia had in 1990. Its sequential division under the conditions of a cease-fire; the lifting of the sanctions against Serbia, necessarily within the UN framework, while preserving the arms embargo; the safeguarding of the security of Muslim and Serbian enclaves in Bosnia and Herzegovina and in Croatia; and the prevention of a repetition of the Bosnian scenario in Kosovo and Macedonia will be an imposing task. This will be difficult (and so will the establishment of an orderly decisionmaking process, in which the Ministry of Foreign Affairs and Ministry of Defense are not constantly arguing with one another, and in which the opinion



of the president does not change once a week and is accepted as law by the government). It is precisely here, however, that Russia could demonstrate its role as a great power, and not in the demand for the registration of Russia's special status in international documents of little importance.

**Russia and Europe:** The profound changes in European policy and the strategic situation in recent years have required a serious reassessment of Moscow's policy line in the security sphere. The level of success in perpetuating the positive aspects of the changes of recent years and eliminating the negative aspects will depend essentially on Russia's own policy.

The positive aspects are the absence of a military threat to Russia from NATO, Russia's qualitatively new relations with the leading Western powers, and the possibility of developing military-political partnerships for the purpose of maintaining peace and continuing the reduction of armed forces and of establishing a new collective security system. The negative aspects are the instability and conflicts in Eastern Europe and the post-Soviet zone and the dramatic changes in the balance of power and the geostrategic situation that are not in Moscow's favor.

The first imperative of Russian security is that the Paris Treaty on Conventional Armed Forces in Europe (CFE) of 1990 is in Russia's interest. The political and strategic advantages of the treaty outweigh its few flaws. Because of economic factors, and for many other reasons, Russia would be unlikely, even in the absence of this treaty, to be capable of maintaining larger armed forces than it envisages in the foreseeable future. Other states, on the other hand, with sufficient political motivation could quickly build up their armed forces and achieve colossal military superiority to Russia on the strength of their economic, military-technical, and demographic potential, convenient geostrategic locations, and ability to unite forces for collective defense.

It would be a sign of extreme imprudence if Moscow were to issue ultimatums and threaten to denounce the treaty, even if the rapidly changing situation were to put some of its provisions in question. (For example, there were disagreements over the quotas for the flank zones, which kept Russia from increasing its troop strength in the North Caucasian Military District.) Incidentally, it is not completely clear whether these questions were that serious and could not have been settled by some other means. Under favorable political conditions, it would be possible to go further and conclude new agreements on more dramatic reductions of forces in Europe, in line with the new geopolitical realities on the continent.

From the military standpoint, Russia is still the leading power in Europe and the world. At this time the troop strength of its armed forces has been reduced to around 2.3 million personnel in active service, and another reduction will bring the number down to 2.1 million by 1996, which is close to the numerical strength of the U.S.

armed forces and three or four times the size of the biggest armies in Europe. In terms of nuclear weapons, for the next 10 years Russia will maintain parity with the United States on the level of 3,000-3,500 warheads in accordance with the START-II Treaty, with superior strength equivalent to 5-7 times the strength of any third nuclear power in the world. In the main categories of conventional arms, the European part of Russia (with the exception of the Urals) can have, according to the CFE Treaty, forces exceeding German forces by 2.4 times, British forces by 5.4 times, and French forces by 3.7 times, and can keep twice as many weapons as the American forces in Europe.<sup>1</sup>

On the other hand, if Russia is viewed as a state in opposition to NATO, or NATO along with the East European countries (not to mention the western republics of the former USSR), in this kind of confrontation it would certainly be defeated. Whereas the Warsaw Pact's superiority to NATO in Europe as recently as 1989 was measured at almost 2.7:1 in the main categories of infantry and air force weapons (later limited by the CFE Treaty), in the second half of the 1990s the combined strength of the countries west of Russia (NATO, Eastern Europe, and the former Soviet republics) will be 4.5 times as great as Russia's own potential.<sup>2</sup>

Consequently, the third priority of Russian security is the avoidance of the restoration of a broad coalition of states against Moscow. The attainment of this goal will depend mainly on Russia's own policy. In addition to fulfilling the conditions of the CFE Treaty and other agreements on disarmament, the main way of guaranteeing Russia's security will be the pursuit of the policy of democratic reforms in the country, friendly relations with neighboring states, the restriction of Russian neo-imperialist ambitions, and the consistent defense of a reasonable set of national interests.

The withdrawal of Russian armed forces from the center of Europe over a distance of 1,500 kilometers, from Magdeburg to Smolensk, led to an unfamiliar state of strategic vulnerability: For the first time in hundreds of years, Moscow Oblast ceased to be deep in the heartland and became the advance frontier. On the other hand, this was also an unprecedented advantage, because it separated the forces of the Western military powers and Russia over a vast distance. Even in the technical sense, the administrative and industrial center of Russia is now beyond the operational range of the most modern tactical aircraft and non-nuclear missiles of the Western states with the greatest military strength. A corridor hundreds of kilometers wide exists between the two sides and leaves Russian armed forces and targets beyond the range of Western forces and assault systems.

The maintenance and legal consolidation of this separation is one of the main objectives of the Russian national strategy of security and its fourth imperative. This means that one of the pillars of the new European security system should be the guaranteed neutral and

non-nuclear status, independence, and sovereignty of the "double belt" of East European states and western republics of the former USSR. For many centuries these countries served as the bridgehead for Western aggression against Russia or for Russian aggression against the West. In the future Western Europe, the United States, and Russia should become the guarantors of the neutrality and security of these countries and turn them into a bridge for economic and political cooperation between Russia and the West.

The armed forces of the neutral countries should be reduced and reorganized in line with the principles of non-aggressive defense, which will correspond to their modest economic capabilities and will help to calm the fears of the people in Russia whose thinking is governed by "pessimistic scenarios" of external threats. This should be accompanied by the continuation of the reduction and reorganization of Russia's own armed forces, to calm the fears of those states. Although this is in keeping with the quotas of the CFE Treaty, there is no good reason to keep 18,000 armored vehicles and more than 4,000 planes in the European part of Russia—more than in the period just before World War II. By the same token, Ukraine has no conclusive reason to keep 9,000 tanks and armored personnel carriers and 1,400 planes and helicopters. The territory of Ukraine, Belarus, and the Baltic states, just as the Moscow, Leningrad, and North Caucasian military districts, should become zones of a lower concentration of infantry and air forces.

It is obvious that the withdrawal of Russian troops from the territory of other countries will require the preparation of the appropriate infrastructure. This makes their temporary deployment in the European part of Russia admissible, but over the long range, when the reduction and reform of the armed forces have progressed far enough, rear services should be established to meet the needs of the deployment of forces, which, in turn, should correspond to the potential military threat, emanating mainly from the south and the east.

The actions of Russia and the neutral countries should be linked with specific Western obligations. NATO, for example, could assume a commitment not to expand to the east, and its members could pledge not to deploy their armed forces and military infrastructure in the east. NATO forces should be reduced and reorganized for the performance of peacekeeping missions. Joint maneuvers, joint weapon and ammunition systems, and other forms of interdependence connecting the rapid deployment forces of Russia and NATO should be given maximum support. This is not only a means of conserving resources, but also a guarantee that the rapid deployment forces of different countries will never constitute a threat to one another and will always be used jointly in the coordinated operations of multilateral security institutions. In this context, Russia's participation in the PFP program would be fully in keeping with its own security interests and the need to perpetuate the positive changes in Europe.

In this context, NATO's eastward expansion (by means of the acceptance of Poland, Hungary, the Czech Republic, Slovakia, and the Baltic states as members) would evoke a negative response from Russia and strengthen the position of the advocates of the hard line in Moscow. They might insist on an armed forces buildup and on moving these forces as far west as possible instead of continuing the reduction of forces, and this could lead to mounting friction in relations with the former Soviet republics and arouse justifiable apprehension in Eastern Europe.

This does not mean, of course, that it is time to dissolve the North Atlantic alliance. It represents a factor of stability, and the vacuum created by its absence on the European continent would be dangerous in every respect, primarily because of the uncertainty of the role and policy of the united Germany. The permanent American political and military presence in Europe within the NATO framework is an indisputable stabilizing factor. The collective armed forces of the NATO countries are being reduced and reorganized to perform other functions. A sizable part of the American forces will be withdrawn from Europe. The experience in joint planning and joint operations, the administrative structure of NATO, and its armed forces could be an element of the future collective security system. One of its instruments could be the enlistment of the services of NATO and Russian structures to carry out specific missions under CSCE or UN auspices.

Another guarantee against the hypothetical revival of German expansionism is the European integration within the EC and WEU framework and the growing strength of the CSCE as a mechanism of collective security and collective action against a potential aggressor. Any plans to split Western Europe and forge a separate relationship with Germany would be just as ruinous for Russia today as they were in the past.

On the other hand, over the long range, NATO, as an alliance which was born and took shape for collective defense against a common enemy, will have to be replaced by a different kind of multilateral security organization: not one directed against an external enemy, but one to secure the observance of the standards of civilized relations and the peaceful resolution of conflicts between its members. Up to this point, the NATO mechanism has proved to be incapable of adapting to these functions: In Yugoslavia it is not engaged in a peacekeeping mission, but is simply engaged in a confrontation with a new and much weaker opponent—Serbia and the Bosnian Serbs—than its earlier strong adversary. In principle, it is easier to deal with this new opponent, but the stakes are much lower for the West in this conflict, and that is why there is no unity and there is a fear of even relatively small losses in the event of military intervention.

The new multilateral security organization should represent something like a reinforced CSCE system, equipped with a mechanism to make decisions and carry them out

(like a UN Security Council for Europe, with veto power for the United States and the largest European powers), with rules of procedure like the "consensus minus one," and with reliance on U.S., WEU, and Russian military contingents for peacekeeping functions, and perhaps for operations outside Europe on the basis of cooperation within the PFP framework.

In this context, it is important to understand that the PFP is not the same as NATO membership for Russia (which would be unrealistic in any case), but an opportunity to keep NATO from spreading to the east in its earlier form and to begin the transformation of the North Atlantic alliance into a fundamentally different organization. As a military bloc formed for the deterrence of a common enemy—the USSR, NATO could not retain its basic features within the framework of military-political cooperation with this enemy's successor—Russia. Of course, this would be conditional upon continued democratic reform in Russia, the establishment of firm civilian control over the army, and recovery from the neo-imperial syndrome.

**Russia's "Soft Southern Underbelly":** Russian policy in the easily excitable region which includes Turkey, the Middle East, and South Asia should be determined by Russia's interests in the Transcaucasus and Central Asia. Turkey, Iran, Iraq, Pakistan, and Afghanistan could become Russia's adversaries, but the greatest probability of hegemonic impulses would start in Turkey and move in three directions: to the Balkans, to the Transcaucasus, and to Central Asia. If Russia's policy toward Ukraine had not been so nearsighted, Ukraine would have been Russia's natural ally in the event of Turkish expansion in the Black Sea region and would not be more inclined to join forces with Ankara. The probability of the rise of nationalism and Islamic fundamentalism in Turkey, in combination with its demographic, economic, and military potential, and in the situation in which the West's hands would be tied by Turkey's NATO membership, warrants special concern.

In the near future Russia might achieve its own goals less by means of direct confrontation with Turkey and unilateral involvement in the conflicts of these three subregions than by means of a balance of power. It is still too early for any discussion of a collective security system here. In this context, Iran might be a more suitable partner, to serve as a counterbalance to possible Turkish expansion in the Transcaucasus and Central Asia. Massive shipments of Russian arms to Iran, however, are hardly justified, because its possible expansion to the south would damage Russia's relations with the rich countries of the Arabian peninsula and the United States. The art of pursuing the balance-of-power policy lies in making other dependent without become dependent on them.

The preservation of a small existing gap will be particularly important in the geopolitical sense—the so-called Megri corridor in Armenia, which separates Turkey and the Azerbaijani enclave of Nakhichevan from the rest of

Azerbaijan, with direct lines of communication through the Caspian Sea to Central Asia. (That is why the exchange of territory between Armenia and Azerbaijan, including Nagornyy Karabakh, would not be in Russia's interest.)

Besides this, the restoration of the traditional Russian partnership with India (but without any support of its nuclear ambitions and claims in the sphere of conventional offensive and naval arms) would be a way of deterring any potential northward expansion by Pakistan and Afghanistan from the south.

If Russia should decide to pursue this kind of policy in relations with Iran and India, it should gain the consent of the United States, NATO, and China if possible, so that relations with these more important partners will not be jeopardized. As it is, Russia's awkward policy in the question of the sale of cryogenic missile technology to India and American policy toward China and India—by virtue of the dynamics of multipolar interaction—have already promoted broader cooperation by the two great Asian powers. The opposite would be preferable: Russia's influence in India and Iran should serve as an additional trump card in its relations with the United States, China, Turkey, and Pakistan.

**Far Eastern Region:** In the Far East, Russia's interests (in contrast to the interests of the USSR) would be served best by the preservation of the political role and limited military presence of the United States. Japan's inevitable response to its withdrawal from that zone, in combination with China's growing economic and military strength, would be remilitarization. A confrontation between these two giants, which could extend to Korea, Taiwan, Hong Kong, or Southeast Asia, might also involve Russia in the conflict.

Because Russia will remain weak and vulnerable in the Far East for many years, its interests are connected with a more stable balance of power in that region and would be served by the establishment of a multilateral security system there. The biggest problem is the possibility of Russia's excessive dependence on China as a result of the dramatic shift in China's favor. This would be highly undesirable in view of China's rapidly growing strength, its long history of territorial claims in the Russian Far East, and its potential involvement in the affairs of Kazakhstan and Central Asia.

In fact, as far as Russian security is concerned, after the key problems in relations with Ukraine and Kazakhstan in the near future and the new political and military situation in Europe over the medium range, China could be the source of the most serious external threat in the more distant future (i.e., in around 10 years). This danger is not comparable in any way to any potential threat from Japan—a democratic country and an integral part of the West, which embarked on the road of intensive economic development long ago, abandoning primitive military expansion for the purpose of territorial conquests. The hope of "placating" China with huge shipments of arms and military technology, securing its



border trade, and taking advantage of the mounting friction in Chinese-Japanese relations is just as naive and anti-historical as it is dangerous for Russia. Nothing will keep China from turning on the north at the convenient time if its access to the east and south is blocked by strong forces (Japan, South Korea, Taiwan, and the rapidly growing strength of the ASEAN states and Vietnam). Furthermore, it is easy to imagine collusion against Russia, with the unlucky "hunter" getting caught in his own snare.

Of course, it is in Moscow's interest to maintain good relations with its great eastern neighbor, China, and there is no reason to accuse it of aggressive intentions at this time, but there is no room for sentiment in politics, and there are certain geopolitical realities and tendencies in the overall balance of power that arouse great apprehension about the future, especially in view of the unpredictability of China's internal development. We know from experience that communism is usually replaced by nationalism and the revival of old offenses and claims. That is why good relations with Beijing would be too fragile and impermanent to serve as the basis of Russian security.

The breakthrough in Russian-Japanese relations and their rapid consolidation in the political, economic, and military spheres are the key to Russia's security in the Far East. The resolution of the dispute with Japan over the Southern Kuriles would guarantee Moscow a much more convenient political and strategic position and incomparably greater freedom of maneuver in the Western Pacific.

This dispute should not be viewed from the historical or legal vantage points, and certainly not from the standpoint of the "islands for credits" plan the Russian Government tried to implement in summer 1992. The islands could be turned over (this does not mean "returned") to Japan gradually, over a period of 10 or 15 years, in the context of agreements on the zone of dramatic reductions of armed forces, transparency, the limitation of naval operations and submarine forces in the seas of Japan and Okhotsk, and confidence-building measures in the Far East. This zone of infantry and air force reductions could include the whole Kurile archipelago and the islands of Sakhalin and Hokkaido. In this way, the security interests of both sides would be observed, and the territorial agreement would be part of the fundamental reassessment of Russian-Japanese relations in the security sphere, followed by the start of the development of equitable economic cooperation (on the condition that Russia establishes appealing conditions for foreign investments in Siberia and the Far East).

Regrettably, broad-scale solutions of this kind will have to wait until better times. Moscow's policy of concessions to the West in 1992-1993, including its scandalous treatment of the Kurile problem in 1992, was discredited in Russia to such a degree that the current shift toward a less flexible stance precludes any reasonable compromises in this area,

regardless of their objective strategic and political appeal. Furthermore, the conservatives are pushing for the continued augmentation of the political and military emphasis on China, including mass exports of arms and military technology, and are thereby laying the foundation for a colossal problem for Russian security.

In addition to relations with Japan, there are two other matters of extreme importance to Russia in this region. The first is the prevention of war on the Korean peninsula, with the subsequent peaceful reunification of the two states on the basis of a market economy and democracy. A strong united Korea would be an important stabilizing factor in the Far East and Russia's greatest natural ally in the event of signs of Chinese and—at least on the theoretical level—Japanese hegemonic ambitions.

The second matter is the now rarely mentioned state of Mongolia. Its neutrality and sovereignty could be a significant factor of security in Asia for Russia in view of China's geostrategic location, extending into the Russian Transbaykal zone and Kazakhstan with Kyrgyzstan. In the event of the establishment of Chinese dominion in Mongolia, Russian defensive needs in that region would triple, and lines of communication with the Far East would become even more vulnerable.

#### Global Responsibility

In spite of its internal crisis, Russia still has important obligations as a great power. These include its role as a permanent member of the UN Security Council, its functions in other international organizations, and its participation in peacekeeping operations on the basis of UN resolutions. Russia's cooperation is of decisive significance in maintaining the framework for the non-proliferation of nuclear and other weapons of mass destruction, controlling exports of missiles and missile technology, and imposing limits and restrictions on the arms trade.

In relations with the United States in the strategic sphere, much will depend on the observance of the START-II Treaty, signed in January 1993. The nationalists who support the hard line and advocate the adoption of a first-strike strategy (which was, regrettably, reflected in the new military doctrine the president approved in November 1993) are categorically against this agreement and against all arms control agreements with the United States in general.

Under the conditions of the predominance of conservatives in the State Duma, the growing militarist feelings in executive structures, and the constant arguments with Ukraine over nuclear weapons (and potentially with Kazakhstan as well), the chances of the ratification and fulfillment of the START-II Treaty are quite indeterminate. The two sides might have to take the line of unilateral reductions for several years, which they are practicing now because of the obsolescence of most of their strategic weapons and the cuts in budget allocations

for modernization programs. The longer this "intermission" lasts, the more need there will be later for new negotiations to secure the fulfillment of the START-I and START-II treaties or more radical reductions and limitations.

Under a favorable set of general military-political conditions, some new options might include quicker reductions by means of the early removal of warheads (and their separate storage) from missiles scheduled to be dismantled. In addition to radically reducing the time frame, this would eliminate the urgency of the problem of nuclear weapons in Ukraine and Kazakhstan.

There is no question that in the near future Russian foreign policy will move from the utopian, passive, pro-Western paradigm of 1992-93 toward the much more persistent affirmation of Russia's national interests and its foreign policy identity in many international issues, and especially in the question of Russia's "special responsibility" in the post-Soviet geopolitical zone. Current tendencies in foreign policy in many areas, however, are moving toward the opposite extreme.

To a considerable extent, this is a reaction to the policy of the last few years, which was, incidentally, also a reaction to the earlier Soviet anti-Western, militarist expansion of the late 1970s and early 1980s. Whereas two years ago Russia was burning with the desire to join NATO as soon as possible and take part in the American SDI space program and had completely renounced nuclear deterrence, now things have changed: It refused for a long time to sign even a symbolic document on cooperation with NATO (PFP), decided against joint staff exercises with the United States on the Totskiy test range, and adopted the strategy of a first nuclear strike.

There is no doubt, however, that even the current Russian foreign policy is not a cover for some kind of "master plan" of new imperialist expansion. The so-called "Monroe Doctrine" is an idea which was accepted for lack of a better alternative, under the conditions of the failure of the earlier pro-Western line, and not a carefully planned, long-term strategy. Its purpose is vague and can be interpreted in several ways, from completely peaceful (mediating negotiations by the warring sides and sending in Russian disengagement forces at their request)<sup>3</sup> to completely aggressive (attempting to reconstitute the empire with threats of the dismemberment of the other republics and direct military intervention by Russia, which is now the topic of resolute and frank discussions not only by odious individuals like V. Zhirinovskiy, but also by presumably moderate officials like S. Shakhrai, A. Migranyan, and K. Zatulin.<sup>4</sup>

In view of the fact that we still do not have a sound international policy line, but just a change in the features of our incorrect policy (minus for plus, and no for yes), combined with the administrative chaos that has been so common in recent years, the current drift in the direction of confrontation with all of the "abroads" has to arouse

concern. In many spheres, we are moving in a direction that is the direct opposite of the one dictated by the actual long-range interests of Russian security.

Along with the anemic and frequently irresponsible approach to Russian obligations in the disarmament sphere, Russia's relations with the other former Soviet republics could create the biggest and most dangerous problems, involve Russia in a constantly increasing number of conflicts, undermine democratic reforms, and lead to a new confrontation with the West. In the beginning of 1994 there was no serious democratic opposition to this policy among the members of the Russian political elite, with the exception of a few isolated individuals. This opposition could come into being after major defeats, but the price would be too high, if not completely unaffordable by any standards.

The prevention of this tendency requires the mobilization of Russia's democratic forces today. They must come out of the trance they fell into after the domestic and foreign policy failures of 1993 and give up their unprincipled flattery of reactionaries in military and civilian garb and the military-industrial complex—in the hope of scoring cheap political points.

Another essential condition is a creative and more refined policy on the part of the United States, Western Europe, and Japan and a bigger investment of time, energy, and resources than in 1992-93. Obviously, the West cannot influence the progress of internal reforms in Russia, but it could exert tremendous influence through foreign policy. The main objective in this area is to learn from earlier mistakes and not repeat them in the future. In this context, the presumptuous nature, lack of tact, and direct pressure of the United States in some matters (START-II, Yugoslavia, and the refusal to allow Russia access to new arms markets) were just as counterproductive as its too pervasive (and personal) involvement in the development of events in the Russian economy and Russian politics and the promises it failed to keep.

Instead of this, the West should do everything within its power to encourage Russia's active and autonomous participation in world affairs and the resolution of conflicts. By the same token, the extensive involvement of the West in the resolution of conflicts and the protection of minority rights in the post-Soviet zone will be essential. This participation should be accomplished through international organizations (the United Nations and the CSCE) and through new programs of cooperation (the PFP), just as Russia's actions in the "distant abroad." In spring President Yeltsin advocated precisely this kind of interaction.<sup>5</sup> We can only hope that this correct stance will not undergo any changes in the near future and that state agencies will be guided by it in their actions.

Returning to the question of Russia as a great power, we should avoid the now common confusion of terms. At this time a great power is not the same thing as an empire, and this is demonstrated by the examples of the United States, England, France, and China. The sphere

of vital interests is not at all the same thing as the "sphere of influence" or of "special rights and powers." Western Europe, Japan, and North America are all regions of U.S. vital interests, but no one there would even think of discussing any American right to intervene against the will of other states. (In fact, the United States is always threatening to withdraw its troops from these "spheres.") Peacekeeping operations are one thing, and the unilateral conduct of military operations for one side against another is something quite different. The defense of the rights of ethnic minorities in other states within the confines of international law is an absolutely legal policy, but it must not be confused with the fueling of national separatism, the imposition of one's own military presence, and blackmail with the threat of the dismemberment of neighboring countries.

For centuries Russia has been seeking its mission in the outside world, its special destiny, and it always agreed to colossal sacrifices and deprivations for the sake of this mission (however it may have been interpreted at the time). It would learn only later, over and over again, that the fruits of great exploits are ephemeral, that sacrifices are not appreciated, and that victories are turned into defeats. Perhaps it could break out of this cycle by seeking its mission in finally organizing a life of dignity and order in the huge zone Russia owns by virtue of its history, comparable to the most extensive empires of the past, without any additional territory. Its external duties would consist in promoting, and not impeding, this mission, if possible, by means of participation in the world economy and international efforts to safeguard security.

Russia is a nation with incomparable dimensions and strength in the post-Soviet zone, but this presupposes an even greater need for responsible, flexible, and farsighted behavior in relations with its smaller neighbors. A policy of territorial conquests and dominion in the spirit of the 19th century would undermine its strength and institute rules of play that would work against Russia. For any force, after all, there is always a greater force, and we are surrounded by stronger nations: the United States, the West European community, China, and Japan, not to mention our growing subregional neighbors. The development of relations with them in the 1990s and the more

distant future will depend largely on how Russia handles its relations with the "near abroad" in the next few years.

Many members of the new Russian elite are fervently denying the postulates and values of the past and declaring the direct opposite in the most serious and straightforward manner: Military strength is the foundation of the economy and the state, authoritarianism is too limited for Russia, a first nuclear strike is a reasonable strategy, the arms trade is a wonderful business, geopolitical expansion and overseas bases are a normal policy, the suppression of weak countries by strong ones is the natural state of affairs, an empire is the best guarantee of peace, force is a tangible factor in interrelations, legal standards are only a mirage, and so on and so forth.

It never occurs to them that they are tilting at windmills and are discarding only the verbal shell that covered the policy and philosophy of the Soviet empire, and the Russian empire before it, which they are now preaching. This same policy has already culminated in a complete collapse twice: in 1917 and in the beginning of the 1990s. Is there any point in a third try, unless we wish disaster on Russia and the rest of the world?

#### Footnotes

1. Calculated by D. Crawford (D. Crawford, "Conventional Armed Forces in Europe (CFE)," U.S. ACDA, Washington, DC 20451). It is most probable that Russia's armed forces will actually be smaller than the treaties allow, and weaker in the qualitative sense than their size allows. The reasons for this, however, do not lie in the new international situation, but in Russia's own mistakes—the ones it committed during the institution of economic and military reforms and the conversion of the defense industry in 1991-94.
2. Ibid.
3. The part Russia played in the cease-fire between Armenia and Azerbaijan is an example of this.
4. I. Rotar, "Become Our Satellites or Die" (NEZAVISIMAYA GAZETA, 5 May 1994).
5. See the interview with B.N. Yeltsin in NEZAVISIMAYA GAZETA, 26 April 1994, pp 1-3.



## KAZAKHSTAN

**Kazhegeldin on Unpopular Government Moves**

954K0373A Moscow MOSKOVSKIYE NOVOSTI  
in Russian No 54, 6-13 Nov 94 p 11

[Interview with Prime Minister of Kazakhstan Akezhan Kazhegeldin by MOSKOVSKIYE NOVOSTI correspondent Viktor Kiyanitsa; place and date not given; under the rubric "Leaders": "Akezhan Kazhegeldin"]

[FBIS Translated Text] Few knew his name a year ago, except perhaps in small political and entrepreneurial circles of Kazakhstan. A month ago, few doubted that he would be appointed to one of the key positions, become the No. 2 person in the state. In a matter of just a few months Akezhan Kazhegeldin moved from the not-too-significant post of the president of the Union of Industrialists and Entrepreneurs to that of the head of government—an incredibly swift career, especially for a republic where moving up the ladder of power traditionally proceeds slowly, over many years, and where more than half of the leadership are people of the old party school. Especially considering that over these months he has managed to earn a reputation that is not the most favored these days—that of a "monetarist."

[Kiyanitsa] At your very first press conference in your capacity of prime minister you announced that the new government will be "the most unpopular of all." Is this a sense of doom or an element of your program?

[Kazhegeldin] A sense of reality. I understand very well that our program must be socially oriented, that we have to protect pensioners and low-income groups. But in this case social needs will "consume" the budget, and there will be no money for investment and production. And we will become unpopular among producers. Moreover, we will multiply the ranks of the low-income population.

The government has already put into gear the mechanism of cleanup and bankruptcy. The first 15 enterprises in the republic have been declared bankrupt. This is not going to add to our popularity either. In addition, we will be cutting centralized support for regional development, leaving this problem to local administrations. The oblasts clearly will not be ecstatic about that.

Finally, our main task is to rein in inflation, which otherwise will destroy everything—the financial system, production, and the state itself. To achieve this, tough and unpopular measures will be needed in all directions, with respect to all economic sectors and social groups.

One way or another, under any scenario, we are and will remain a "government of the transition period." There is probably only thing that could be worse—a "government in exile..."

[Kiyanitsa] True, the new government's first step was exceedingly unpopular—raising bread prices at least fivefold. Did you choose this on purpose?

[Kazhegeldin] Actually, the decision to liberalize bread prices had been in the works for some time, by the former government. It so happened, though, that we were the ones who had to execute it. On Supreme Council approval, by the way. It is indeed a very difficult step. Because bread here is not just a foodstuff. But we went ahead. Bread subsidies were consuming millions in budget money, and this could not go on forever. We did try to soften the blow to the maximum extent through a rather well-defined mechanism of compensation for low-income groups. But only for low-income groups—not those who have got into a habit lately of feeding loaves of bread to their pigs, like in past Soviet times.

Now at least our hands are untied. Bread has become a profitable commodity; it is now profitable to produce it. By the way, it still costs less than in Russia.

[Kiyanitsa] With this step you evoked the wrath of not only "popular masses" but also of the Supreme Council, which accused the new government of deception. Parliament members maintain that the agreement was that the government would first pay all the compensations, and only then liberalize prices. Has the government violated this? Will it not lead to a new round of already traditional confrontation between the executive and legislative branches?

[Kazhegeldin] There was no deception. When I presented this in parliament, I insisted that the decisions had to be implemented simultaneously. As it stands now, the government has fully fulfilled its obligations and paid all the debts. As to the threat of confrontation, I still count on working constructively with the Supreme Council. But I count even more on constructive work on the part of the Supreme Council itself.

[Kiyanitsa] A trip to the recent Moscow summit became your "debut" in the rank of head of government. Was the "presentation" successful?

[Kazhegeldin] I did not go there for presentation purposes. And I do not need it anyway. I know many people in the Russian government very well. I have known Oleg Soskovets since his work in Kazakhstan. Aleksandr Shokhin, Anatoliy Chubays—since my work in the Industrialists Union. Besides, at the end of 1980's I studied and worked in Moscow and know quite a few people in the Russian political elite. I was close to the Russian democratic movement then. By the way, I was a member of a Yeltsin support group at the first elections to the Supreme Soviet, and of Andrey Dmitriyevich Sakharov's support group. I went through the entire wave of famous Zelenograd rallies. It was a glowing time of euphoria, political romanticism...

This time, however, I went to Moscow not to engage in nostalgia and not to rekindle friendships—I went there to work. We held talks with Shafranik, and Gazprom Chairman Vyakhirev. We had long conversations with Viktor Stepanovich Chernomyrdin, Oleg Soskovets, and Anatoliy Chubays. Without exaggeration, I came back full of optimism.

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[Kiyanitsa] The experience of CIS leader summits shows that all negotiations are successful, all documents signed are "of historic significance." And no results...

[Kazhegeldin] There will be results! What we discussed were not general declarations but concrete economic projects. And I preach a different approach to these talks: Do not cling at any price to the abstract sovereignty, but make concrete, applied interest, incentives a priority. We practically resolved the sore problem of Baykonur. We reached an agreement with Russia on joint oil production in the Caspian shelf. We needed only 16 minutes with Vyakhirev to resolve in principle the issue of Karachaganak. The participants in the international project on the development of this deposit will be Kazakhstan, Russia, and English and Italian companies. Russia will have its share in it, and at the negotiations with these companies Kazakhstan and Russia will be on the same side of the table, as partners. In addition, we discussed and came close to a resolution of the question of setting up an international consortium on building a pipeline with the participation of Russia and Kazakhstan.

All of this is realistic. Because behind all this are incentives, mutual interest. Our incentive is Russia. I can tell you that one of our main tasks for the next year, in my opinion, is to catch up with Russia in the pace of reforms and the standard of living. The second task of my government is to bring as much as possible of Russian capital to Kazakhstan. Yes, Russian, not only Western as has been the case until now. On the other hand, we have our own interests in Russia. And if there are forces in Russia that will not let us in the door, we will have to get in through the window. This is our market.

[Kiyanitsa] By saying this, you leave yourself seriously "exposed." The opponents will immediately accuse you of "pro-Russian attitudes" and "betrayal of national interests."

[Kazhegeldin] I will be more than happy to get pummeled for "pro-Russian attitudes." Unlike my predecessor, Sergey Tereshchenko, who was a Russian and because of his ethnic origin had to be concerned about this sort of accusation, I have more freedom in this respect. I am a Kazakh, and no national-patriot will ever prove that he is more of a Kazakh than I am, or holds the interests of motherland more dear.

I can "expose" myself even more and tell you that my wife is Russian. And half of my family are Russians. What are they going to do if we commit the gross stupidity of breaking with Russia? We would simply be unworthy of our forebears, who for some reason for 300 years were getting closer to it.

Besides, we have another great neighbor—China... Many people in Kazakhstan, Kirgizia [Kyrgyzstan], and the Russian Far East will know what I am talking about.

[Kiyanitsa] Presenting you as the new prime minister, President Nazarbayev, enumerating your merits, called you "a wealthy man." This is something new...

[Kazhegeldin] Yes, in the past it was not considered a merit. And therefore was not advertised. It is not accidental that we talked so much about the formation of a class of entrepreneurs, property owners, as a support base for the state. Besides, in an environment where corruption has become a blanket phenomenon, being wealthy is a special merit. Apparently the president meant that as a wealthy man I will not steal and it is hard to buy me. He is right. I would not advise anyone to even try. And why would I need it—if I leave this position, I can easily make money someplace else. And not 5,000 tenge (about \$100), as I am paid now. The only thing I intend to acquire in this job is experience. Then I will be, as they say in the West, "more valuable." It was said a long time ago that only a man with full stomach should divide a loaf of bread. But I want to relieve the government of the function of dividing and distributing anything anyway...

[Kiyanitsa] But where did your "wealth" come from?

[Kazhegeldin] At the time, I took seriously the proclaimed "freedom of enterprise," the cooperative movement. I have a rather good education in economics and some practical acumen, so I went into business. I was at the beginnings of the creation of the Semey financial-industrial group, one of the first in the Union. Having entered government service, however, I demonstratively left business, gave up all sources of income other than my salary. I knew what I was doing.

Besides, for some time I was on an internship and worked in the United States. While there, I took a loan in a bank and began earning money. Everything that was left after loan repayment I tried to transfer to Kazakhstan, invest in its economy. But then the Union disintegrated, Russia declared itself its legal successor, and my money got "suspended" in the accounts of the ill-famed Vneshekonombank. To this day. So you see, I have a personal economic interest in Russia.

[Kiyanitsa] Your rise to the pinnacle of power was too swift. Did you not experience something like a "decompression chamber effect?"

[Kazhegeldin] No, I do not think so. The pressure of sharply increased responsibility is balanced by a sense of inner independence and readiness not to cling to the chair with all my might, to leave at any time. The only thing that still makes me nervous are the outward attributes of power. I cannot get used to the flashing lights of the lead security car...

#### MOSKOVSKIYE NOVOSTI file

Akezhan Magzhanovich Kazhegeldin is 42 years old. Born in Semipalatinsk Oblast. Graduated from a school where all subjects were taught in Russian. Two higher education degrees—one in economics. At the age of 31 became chairman of a rayon executive committee in Semipalatinsk. In the end of the 1980's graduated from the first business school in Moscow and evening studies

program at the Institute of Oriental Languages. Internship in the United States. Returned to Kazakhstan. Was director of a mining and ore-processing combine, then deputy head of the Semipalatinsk Oblast administration. Since the beginning of 1994—the republic's first deputy prime minister, since 1 October—prime minister. Speaks four languages. Married, with two children.

### **Cabinet Hears Reports for First Nine Months**

954K0356A Almaty PANORAMA in Russian  
No 44, 12 Nov 94 p 10

[Andrey Kukushin report on speeches at 8 November Cabinet of Ministers meeting: "The Cabinet of Ministers Has Summed Up the Results of Nine Months of the Year"]

[FBIS Translated Text] An enlarged meeting of the new Cabinet of Ministers with the participation of the heads of the oblast administrations was held last Tuesday, 8 November. The following items were on the agenda: the results of the republic's socioeconomic development in nine months of the current year; measures for shoring up production and expanding the market for the sale of grain and the oblasts' self-provision with grain and other products processed from it; preparations for the celebration of Abay's sesquicentennial; information regarding financial cleanup was presented also.

Discussion developed mainly on the first item on the agenda. The chiefs of the leading republic ministries spoke on the results of activity in the current year and the prospects for 1995. PANORAMA reproduces their speeches with certain abridgments below.

### **According to Ministry of Economics Forecasts, Next Year the Dollar Will Be Worth No More Than 75 Tenge**

Economics Minister Altay Tleuberdin observed that at the present time the republic has 1,400 insolvent enterprises. The stock market and the capital market barely exist, and this is having a negative effect on production. The main source of reproduction of the economy are foreign investments, but no particular overseas investments are anticipated for next year. Domestic investments, on the other hand, are being devalued constantly as a consequence of inflation.

Nonetheless, the need for strict import restrictions and the licensing of foreign economic activity is disappearing in connection with the achievement of the convertibility of the tenge. It is planned to reduce the number of licensing centers to seven.

The high level of inflation of the current year is linked mainly to the liberalization of the prices of basic commodities and foods, Mr. Tleuberdin observed. Next year the level of inflation will depend primarily on the monetary policy that is pursued.

As far as the payments crisis is concerned, it has become a serious barrier in the way of the reforms and the stabilization of the economy. As a consequence of the payments crisis the budget, the Ministry of Economics estimates, will experience a shortfall in the current year in revenues from profit of the order of 15 billion tenge. Resolving this problem unequivocally next year would not seem possible. And in order to prevent a new spiral of inflation it is essential to continue the strict policy of the limitation of budget expenditure and to fund the budget deficit mainly thanks to foreign loans and the functioning of the securities market. The pursuit of such a policy will make it possible in practice to abandon completely the allocation of bank credit for the budget deficit and, accordingly, to create the conditions for the suppression of inflation. Eighty percent of the credit of the National Bank should pass via the market, the rest should be channeled in the form of seasonal loans to agriculture and municipal service enterprises.

As far as the Ministry of Economics' forecast of the rate of the tenge against the dollar next year is concerned, it should not exceed 75 tenge to the dollar. The ministry hopes that the republic will succeed in taming inflation, and in this case its indicator by next April will constitute 2 percent a month, by December, 1 percent.

### **The Ministry of Finance Warns That Funds Will Be Deducted From Currency Accounts and Personal Assets for Persistent Tax Defaulters**

Finance Minister Aleksandr Pavlov observed that the process of a decline in the main financial indicators had continued in the current year.

### **Results**

The national gross product as of 1 September declined in comparison with the same period of last year 31 percent, and national income, 33 percent, and the decline in industrial output even in actual prices constituted 29 percent. In terms of the results of the activity of industry and commerce the budget experienced a shortfall of more than 1.5 billion tenge, and of power engineering, of approximately 2 billion. The communist methods of conducting the harvesting campaign this year, when, in accordance with a decision of the government, petroleum products were allocated without payment, brought practically all the republic's oil refineries to the brink of bankruptcy. The grain had to be harvested, of course, but different forms and methods should have been chosen. All this lay as a heavy load on the budget, which has been fulfilled to the extent of only 40.3 percent of the annual plan, that is, 60 percent of the budget has to be obtained in the fourth quarter, which is not all that realistic.

### **Taxes**

An analysis shows that the greatest strain has come about in regard to payments of monies to the treasury from value-added tax (the total arrears in the republic in terms of this tax constitute 1.5 billion tenge), excise, fixed

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rental payments, personal taxes, and the sale of state property. Only 20 percent of funds of the overall annual plan has been received from foreign economic activity.

The reduction in budget revenues is exerting a negative influence on its expenditure side, which has as of the present been fulfilled to the extent of 32 percent of the annual volume. Specifically, the national economy has been funded to the extent of 33.5 percent, social and cultural measures, 41.8 percent, research, 43.6 percent, defense, 26.7 percent, and so forth. For certain items of expenditure, compensation for the Chernobyl and Semipalatinsk victims and the inhabitants of the Aral region, for example, not a single tiyn has been allocated this year. Some 28.5 percent of the funds to be transferred from the republic budget to the oblasts has been allocated, and of the funds to be transferred to the local budgets, only 13.7 percent.

Unscheduled budget expenditure connected with the intra-republic offset payments plus the funds granted enterprises on the strength of government guarantees and also the liabilities of agriculture constituted 20.2 billion tenge.

#### Inter-Enterprise Offsets

As far as the intra-republic offset payments are concerned, the situation as regards funding that has been shaping up since the start of the year and the social tension are connected with its results, in the minister's opinion. Ten billion tenge were paid off in the nine months, including 4.6 billion thanks to an external loan intended for the funding of the budget deficit.

A further 15 billion tenge, counting service interest, have to be paid off by 5 December in respect to the agrarian sector. Considering the actual state of the agrarian sector, this is problematical. In addition, interest for the servicing of the credit connected with the inter-enterprise offset payments totaling 10.6 billion tenge has to be paid, and the National Bank also has disbursed a further 5 billion on government deposits. Thus unscheduled budget expenditure on the inter-enterprise offsets will this year constitute altogether 28.4 billion tenge or 22.7 percent of the republic budget.

But what is most disturbing, according to Mr. Pavlov, is the fact that the inter-enterprise offset payments have carried over into next year also: Bills of exchange paying 3 percent annual interest have to be paid off within the first quarter, for which a further 22 billion tenge will have to be found. Thus the total amount that the inter-enterprise offsets will cost will come to more than 50 billion tenge.

#### Directive Credit

Approximately 10 billion tenge were obtained in terms of directive credit. Provision will have to be made, according to preliminary calculations, considering the financial state of the enterprises, for 4.7 million tenge,

and the remaining amount will have to be carried over to next year. The minister asked the administration chiefs to thoroughly analyze the state of directive credit. In his opinion, it needs to be abandoned.

#### Debts

Some \$29 million was disbursed from the republic budget on foreign debts and liabilities of economic agents, as was, in addition, \$13 million for government credit for which appropriations had been specified.

Thus approximately \$42 million were disbursed altogether on the repayment of foreign debt and credit interest. Of this amount, \$25 million were covered thanks to the sale of products of the Shymkent Confectionery Factory, and currency credit of the National Bank was written up for \$17 million. The sum total of representation to the National Bank in terms of currency credit constituted \$68.7 million.

#### Investments

Via the IMF, foreign investors set a condition whereby, in the event of a failure to repay all foreign debts of the government and the debts of enterprises and organizations accrued on the strength of government guarantees, the republic could no longer expect foreign loans to cover the budget deficit, as was the case this year. For this reason it was necessary at the end of October to divert from the budget \$27 million to cover foreign debts that had become due in September-October. Despite the prohibition on the allocation of soft individual loans that is in effect, this practice continued this year also, as a result of which the budget has found itself large amounts short.

Decisions on the allocation of soft loans were adopted without regard to the republic's foreign debt, and right up until this April they were being granted without the enlistment of the Ministry of Finance and the Ministry of Economics in determination of the state need for credit and sources of its repayment. In 1994, therefore, many of the projects for which government guarantees were given earlier lack expert findings of the Ministry of Economics and the Foreign Investments Agency.

Following a projects and contracts analysis, it was decided to cancel similar guarantees totaling approximately \$2 billion. As of 1 July the Alembank, the Turanbank, and the Central Bank had in accordance with lines of credit of Germany, Turkey, Austria, China, Israel, and so forth concluded agreements for a sum total of more than \$1.3 billion, of which \$731 million have already been assimilated. A system of the granting of guarantees and a system of responsibility specifying mechanisms of the return of foreign credit are needed, therefore.

#### Arrears

As far as intra-republic arrears are concerned, the total indebtedness to publicly funded organizations and enterprises had amounted to 5 billion tenge by 1 October.

On 15 October the sum total of compensation payments to the population in connection with the release of the price of bread constituted 2.6 billion tenge, of which 50 million have been paid, and the possibilities are now being sought for settling accounts in respect to these debts.

#### **Tax Inspectorate**

The Tax Inspectorate has stepped up its work on control of treasury receipts. Specifically, the currency accounts of persistent defaulters are being attached—an agreement on this work together with the National Bank will be signed.

Currency resources will be deducted against tax payments, and the assets of persistent defaulters will be deducted. This work began in North Kazakhstan Oblast, and experience of it is now being extended throughout the republic, and it is producing pretty good results. Such measures are being applied not, it is true, to the major enterprises but to enterprises of the commercial sphere. And this work will continue. Although the Ministry of Finance understands that the problem cannot be resolved by punitive measures. The creation of special financial institutions—a rehabilitation bank, an agro-industrial sector support fund, and such—is contemplated in this connection. Money is needed for this, and this should be specified by the budget for next year.

In the minister's opinion, we became unduly preoccupied at some stage with macroeconomic stabilization, whereas an analysis of the activity of specific enterprises is lacking. For an improvement in their activity a change in tax legislation and a reduction in the number of taxes and tax payments are needed. It is planned to reduce the number of taxes from 53 to 21 and to cancel the payments to certain funds—the Economic Conversion Fund and the Entrepreneurs Support Fund. It is contemplated that some of the taxes will be transferred to the local level, specifically, the new tax on the assets of legal entities and the charge for the sale of gasoline, which will make it possible to stabilize the condition of the local budgets to a certain extent. The question of whether to preserve VAT or to devise another tax—a sales tax or a purchase tax—is being decided. Serious calculations are required here, and specialists of the ministry are working on this at this time. We need to create a tax base and, on the other hand, to ease the tax burden on the commodity producers, otherwise there will be no producers and no products and, consequently, no one from whom to collect tax, the minister of finance concluded.

#### **Ministry of Agriculture Prepared To Abandon the Government Order for Grain**

Agriculture Minister Zhanybek Karibzhanov announced that ministry specialists had tallied all revenue and expenditure. There is the figure of 17.7 billion tenge, which the countryside might not return to the state. Why are such enormous arrears taking shape? When we switched to the new currency, the government adopted

the decision to fix the price of agricultural products while releasing the prices of everything else, and agriculture has since that time lost more than 12 billion tenge. Eight billion tenge were planned in the budget for futures, as of today 2.2 billion tenge have been received.

Some 3.511 million tonnes of grain have been procured. And for the rest to be procured money has to be allocated without fail. The Ministry of Agriculture has devised a plan of how this is to be done, and the government needs to consider it as soon as possible. The meat-packing plants and the dairies owe the commodity producers more than 1 billion tenge, and the grain-reception centers, almost 2 billion, according to this year's procurement results.

How is the Ministry of Agriculture disposing of the funds? However difficult it was, 460 million tenge were allocated the Bereke publicly owned stock company (the former Meat and Dairy Products Trading Organization) at the time of the harvesting for the purchase of meat, dried milk, and butter for the state reserves. In two months 120 million have been conveyed to the meat-packing plants, and 83 million have been diverted into the purchase of imported butter, whereas 6,000 tonnes are lying there at the dairies: There is nowhere to sell it. More than 200 million tenge have not been conveyed as yet. Meanwhile, the Ministry of Agriculture is not legally entitled to interfere in the affairs of the publicly owned stock company.

Mr. Karibzhanov observed that in a brief formal decision at a meeting in Akmola the president had given instructions for a new system of the allocation of credit to agriculture to be devised in place of the old one, which is not working. But these instructions have yet to be carried out.

As far as the government order for grain is concerned, the policy of the Ministry of Agriculture is such that the government order should be small—for the needs of the Ministry of Defense, the MVD, the National Security Committee, and, possibly, for the city of Almaty. All the other regions should supply their own grain—it is always possible to sell oil and purchase grain. As of the next harvest the state will not purchase grain for the regions.

On the other hand, work is being performed on optimizing the structure of the sown areas, that is, we shall not sow where it does not grow. This is a question of the efficiency of agriculture.

The minister also opposed the suspension of privatization in the countryside. We need to help the countryside to implement reforms, the minister said.

#### **The Kazakhstanenergo Company Is Prepared To Accept Payment for Electric Power in Any Form**

Gennadiy Shchukin, president of the Kazakhstanenergo State Electric Power Company, observed that consumption of electric power is growing compared with last year and that its generation at republic plants is declining.

The problem is a shortage of spares for the equipment of the power stations, which are produced exclusively outside of Kazakhstan. There is no money with which to pay for the spares. In this connection he proposed the creation in the republic of a power machine-building corporation for the manufacture of spares at the local defense plants, which are standing idle more than they are operating.

In addition, the power engineers are experiencing a shortfall in supplies of fuel for the thermal power plants owing to the delay in payment on their part. But the arrears crisis, which is affecting the power engineers the most seriously, is to blame for this: They are at the present time owed more than 20 billion tenge for electricity and heat. The main debtors are enterprises of iron and steel industry, agriculture, enterprises of the Teplokommunenergo, and chemical and petroleum-refining enterprises. For this reason Mr. Shchukin proposed that the cabinet introduce for such consumers the compulsory allocation of credit for these costs. He declared that the power engineers were prepared to accept payment for the electric power that had been supplied in any form, even to accept the products of the debtor-enterprises and agro-industrial facilities. He observed that his department already has experience of this.

He also announced that the indebtedness of Kazakhstan's power engineers for electric power supplied from Russia had reached R14.4 billion, in which connection Russian Minister Shafrannik had promised to close off the channels to Kazakhstan as of 8 November of this year. Unless the problem is resolved, the entire north of the republic will experience a very severe shortage of electric power.

Speaking of the reasons for the constant increase in the price of electricity, Mr. Shchukin complained of the high prices that the power engineers are being charged for fuel for the power stations, particularly in the south of the republic for gas.

But this, evidently, was not believed by Prime Minister Kazhegeldin, who at the end of Mr. Shchukin's speech suggested that he share his pay with the members of the cabinet. To which Mr. Shchukin replied that he was prepared to do so if this would help.

#### **Industrialists Lack Entrepreneurial Initiative**

Garri Shtoyk, minister of industry and trade, observed that it is very hard to stabilize the economy under the conditions of a decline in production. The recession is of a clearly expressed differentiated nature by sector and is a reflection of the specific features of the industries. Whereas the decline in production in mechanical engineering has constituted 44.5 percent compared with the same period of last year, in nonferrous metallurgy it has been 29.8 percent, and in terms of the production of zinc and silver, for example, the production quotas were generally overfulfilled.

The objective reasons for the recession: the arrears crisis and the increase in the price of energy resources and transport; the lack of inherent working capital and the impossibility of creating it owing to the high credit interest rate; the destabilizing activity of middlemen buying concentrates of the mining and concentrating works allegedly for subsequent reprocessing on partnership terms; the outflow of skilled personnel from practically all enterprises of Kazakhstan; the sidelining of the work force from the privatization process; and the unsustainable expenditure on the upkeep of the social sphere. But there are subjective factors also brought about by the inadequate adaptation of the business managers to the new conditions: a lack of entrepreneurial initiative, the loss of sales markets on account of the substandard products that are manufactured, and the absence of the requisite flexibility of the industries.

Nonetheless, in the minister's opinion, there are the conditions for stabilization, in the exporter-sectors particularly. The ministry intends in conjunction with the cabinet to propose a set of measures to assist industry. According to the proposals of the Ministry of Industry and Trade, we need to draw up an agreement on a freeze on prices at the August level for the exporter-enterprises and to freeze for them truck transportation tariffs. Related ministries have been accommodating in a resolution of these problems.

Agreement has been reached on monopoly enterprises' mutual exchange of information on their activity. A government decree on the creation of the first industrial-financial alliance, which will include enterprises of various departments linked by a single production chain, has been prepared. They will all sell one another products at cost and then share the resulting profit. A decree of the Cabinet of Ministers on the breakup into smaller units of the monopoly enterprises, a system of bill of exchange circulation and the formalization as bills of debt obligations is being devised and debt-repayment schedules have been compiled. A program of stabilization of production and increased productivity has been drawn up for each enterprise.

As far as financial cleanup is concerned, the minister of industry expects from it the assurance of tax payments from the producers.

#### **According to National Bank Estimates, Financial Equilibrium Could Be Upset by Any Ill-Considered Step**

National Bank Chairman Daulet Sembayev announced that in practice only from this year has the National Bank been able in the realization of its monetary policy to employ all the classical instruments of regulation, the main ones of which are regulation of the amount of credit and interest rates with regard to supply and demand and the compulsory reserve quotas.

The bank is conducting active operations on the open market involving government securities and operations on the currency market. In this connection the National



Bank has combined credit expansion and certain restrictions. On 1 October the bank had additionally allocated the economy 33.2 billion tenge in credit, the growth of which compared with the start of the year constituted a factor of 4.4 against an approximately 10-fold growth of consumer prices. The bank has sought on the one hand here to achieve the realization of a soft policy, on the other, it has controlled and limited the money supply.

According to a memorandum concluded with the government, the allocation of credit in the 10 months constituted 20.4 billion tenge, including 14.2 billion of directive credit, which was distributed by the government. Some 4.9 billion tenge or 20 percent of all credit granted by the National Bank were channeled into covering the budget deficit, and 4 billion were used via a credit auction, which is of the order of 17-18 percent. Approximately 1 billion were put at the disposal of the bank's oblast branches for the resolution of problems of a regional nature. Considering the allocated 24 billion tenge of credit, the National Bank has as of today an unpaid indebtedness of 21 billion, including 1.1 billion of credit past due, of which credit to agriculture constitutes 800 million.

The curbing of credit at local monetary program level and its differentiated allocation by quarter and month with regard to the seasonal nature of operations in a number of sectors of the economy has had a direct effect on the level of inflation. Although for October it constituted 21 percent, the monetary factor of inflation constituted approximately 10 percent. The National Bank is prepared to reach the indicators for the allocation of credit for the budget deficit in the amounts determined by the agreement with the IMF.

In addition, the National Bank has transferred 7.2 billion tenge of the payments from profit and for deposit interest to the direct disposition of the budget. We, however, have received (paid off by the budget) only 1.7 billion tenge of the charge for credit interest. The minister of finance has already spoken of the dangerous amounts of budget indebtedness to the National Bank, and for this reason something needs to be decided before the end of the year since the amount of debt is already influencing the stability of the National Bank and its internal assets.

The introduction and development of the credit auction has contributed to the development of the inter-bank market, Mr. Sembayev observed. But in December, with the approval of the government, the National Bank will change the direction of credit: About 80 percent of the credit will be sold via auctions. Some 700 million were made available to the government in the form of directive credit in November, in December, 500 million. That is, substantially larger amounts will be channeled into auction.

As anticipated, the decline in the level of inflation has brought about a reduction in the interest rates at the auctions, which have fallen from an annual 450 percent

to 280 percent. Considering the monetary factor of inflation, which occurred in October, the National Bank adopted the decision as of 5 November to lower the official rate of refinancing to an annual 250 percent. With six-month lending on a one-month basis, this 250 percent constitutes about 14 percent against inflation of 10 percent.

Only in the last three months has the National Bank for the first time in the period of perestroika achieved an interest rate which has become steadily positive. And with a further decline in inflation the bank intends to reduce the lending rate, ensuring that it is necessarily positive. This will afford an opportunity to increase the influx of deposits of individuals and legal entities into the commercial banks and on this basis to shape new opportunities for extending credit to the economy. Whereas at the start of the year personal deposits in the commercial banks occupied approximately 32 percent of total deposits, as of 1 September this figure constituted approximately 50 percent.

Mr. Sembayev observed that in his opinion there is a certain misunderstanding of the essence of the credit interest rate. Certain economists at the enterprises consider it overstated, connect it with the continued price rises, and propose a return to the principle of the allocation of credit on preferred terms. But the head of the National Bank called on them to remember the experience of 1992-1993, when practically everyone availed himself of such credit, and its repayment constituted just 3 percent.

Mr. Sembayev observed that the desire under the conditions of inflation to convert the national currency into dollars, which in principle he can understand, would destroy the republic's economy. The only way of preventing this is to achieve a positive deposit interest rate, and the rate in transactions in tenge must be higher than the rate of inflation and the rate of the decline of the tenge in relation to the dollar here. At the start of the year the situation was not in the tenge's favor, but there has been a positive rate for five months now. Thus the conditions have been created for developing transactions in tenge. But the National Bank understands that the situation is not stable, this equilibrium could be upset by any ill-considered step.

The weakness of our economy could be reflected in the position of the tenge, these being interlinked phenomena.

The head of the National Bank also adduced his vision of the reasons for the decline in the Russian ruble, which had come about in connection with the difficulties with the budget and the growth of the government's borrowing requirements, which were satisfied. As a result of the mass reduction in aggregate demand and the expansion of credit issue an artificial cash surplus, which was focused on the currency market, was created. Central Bank intervention in August-September was in excess of

\$3 billion. A further \$600 million approximately were thrown in at the start of October, but the situation was not rectified.

The National Bank has made a careful analysis of the situation in Russia. Kazakhstan as a whole has endured it without particular losses, although ruble payments were made to many of our enterprises precisely at the peak of the decline. They were simply short-changed, although the National Bank had warned via the administration chiefs that the settlements should be made with a dollar equivalent.

In conclusion Mr. Sembayev listed the bank's plans for the end of the present and the start of next year. In accordance with agreements with the IMF, the National Bank will not issue credit to cover the budget deficit this year or in the first quarter of 1995. In addition, the government is planning to abandon the system of directive credit, channeling the bulk of the credit into auctions, and this quantity of funds should signify a sharp lowering of the interest rate. Certain receipts from external sources are expected in November. And if the funds are managed in proprietary fashion, the year could be completed in relatively normal manner.

#### **The Head of the Government Believes That the Economy Needs To Outpace Policy**

The meeting was summed up by Akezhan Kazhegeldin. He noted that the future of the republic's economy and the future of the government itself would depend on the solution of the questions that had been discussed by the cabinet. If it is possible to halt inflation and to stabilize the economy to a certain extent by 1995, there will be less social tension in society.

Questions of reforms and property, in the opinion of the premier, are today connected only with one personality—that of the president. On the threshold of presidential elections the open nomination of candidates for this office is already beginning. This very fact is a great democratic conquest of the president.

"Had we a different regime, as in a neighboring state, it is not known in what kind of atmosphere all this would be taking place," Mr. Kazhegeldin observed. "But those that are stating their claims to this office sooner than others will also lose the sooner, and we will try to do everything to ensure that they lose. I believe that everyone recognizes how he came to be in his office to effect reforms and to whom we are obliged for this. On these matters I want us to act as a united team and for there to be no questions here."

Akezhan Kazhegeldin also called on the ministers to be more precise when it came to figures. Thus Minister Pavlov, speaking of the decline in the gross industrial product, gave a figure of 31 percent, whereas in actual fact it constitutes 28.2 percent, national income has declined 32, not 34, percent, and industrial production has fallen 28, not 29, percent. The press will hit us even

for half a percent, Mr. Kazhegeldin observed, so we need to be attentive, therefore. In addition, statistics are not yet counting the private sector. If, however, the private sector is considered, then, according to government data, the actual decline in national income constitutes 24 percent.

As far as next year is concerned, only 10 major works will be the recipients of investments, not 100, like this year. The government will endeavor to ensure that the budget deficit constitute 3.5 percent. It is contemplated issuing from the budget only pensions and the pay of public servants (the amount of which needs to be raised, incidentally), and 5 or 6 percent of resources will be channeled into agriculture.

The premier affirmed also that the euphoria from the possibility of trade on the world market was today passing. We need to have a more sober view of things: Our closest and most important markets are Russia, Kyrgyzstan, and Uzbekistan, and, somewhat further away, Ukraine and Belarus. It should be understood that the Russian market is our market, the premier observed. Even if some Russian entrepreneurs are attempting to squeeze us out, we need to squeeze through and remain. The adjacent oblasts need to be more active in attracting Russian capital to the regions' economy.

We need to outpace the politicians in the economy, Mr. Kazhegeldin emphasized. This was discussed also at the recent summit of heads of state and government of countries of the CIS, at which for the first time less attention was paid to policy, more, to actual integration. The next top-level meeting, incidentally, Mr. Kazhegeldin announced, will be held in Almaty on 23 December.

#### **Sembayev on Present Stability of Tenge**

954K0362A Almaty PANORAMA in Russian  
No 44, 12 Nov 94 p 9

[Article by Karlygash Yezhenova: "Daulet Sembayev: A Gold Currency Reserve Is a Good Instrument for Maintaining the Stability of the Tenge"]

[FBIS Translated Text] The leadership of the National Bank of Kazakhstan held a news conference on 4 November dedicated to the anniversary of the introduction of the tenge. Daulet Sembayev gave a short analysis of the behavior of the tenge over the past 12 months, emphasizing that despite all the pessimistic forecasts regarding the future of the tenge, its position today is quite stable.

The introduction of a national currency gave the republic full independence in the conduct of credit-monetary policy, we are free today from export or import inflation, and the state is sovereign in the implementation of economic policy.

In the last three months the rate of exchange of the tenge has dropped from 45.33 to 49.16, which amounts to 10 percent, and the ruble rate of exchange for 1,000 rubles increased from 19.50 tenge to 15.48, or by 26 percent.

More than R370 billion were sold in 10 months through the Interbank Currency Exchange. Thus, the stage when the National Bank was forced to artificially meet the requirements for rubles has ended.

In this period \$778 million were sold.

Instead of a republic foreign currency fund, a gold currency reserve of the National Bank has been created, a mechanism for the 50 percent sale of hard currency earnings is working, and a rather broad foreign currency market has been formed. The problem of payment to Russia or any other state of the CIS has been removed and, through the foreign currency market, the problem of payment to any state. Owing to the creation of a gold currency reserve, a good instrument for the support of internal and foreign convertibility and stability of the tenge has been acquired, that is, active regulation of the money supply.

"You and I," emphasized Mr. Sembayev, "survived a sharp drop of the ruble in Russia without special losses after the departure of Gerashchenko. Today the National Bank actively influences the exchange rate and, through the instruments of credit-monetary policy, we are able to influence and are influencing inflation. Not everything was smooth, there were mistakes, there were difficulties frequently created either by the situation or by us. In any case, the tenge is being accepted well in nearby states.

According to information of the State Statistics Committee, the index [line illegible] 20.1 percent. This is higher than the previous month. However, the National Bank specifies that the estimates of its experts and consultations on the method of calculating inflation on the part of specialists of international financial organizations indicate that the monetary figure representing this inflation fluctuates between 10 and 12 percent, which was a result of the liberalization of prices for bread and some types of energy resources. Thus the predicted level of inflation for December of 7 percent is perfectly realistic.

Moreover, it was announced that starting 5 November the rate of refinancing has been dropped to 250 percent. According to credit resource auction markets, the latter rate was 280 percent and the average weighted rate—284 percent, thus a gradual lowering of the rate is continuing.

In 10 months the volume of new credits of the National Bank was 24.2 billion tenge, including 58 percent invested in the economy, about 20 percent transferred in accordance with the law to cover the budget deficit, 16 percent sold at auction, and about 1 billion allocated to the oblasts.

Characterizing the general condition of the banking system, Mr. Sembayev declared that of 188 banks, 122 are violating economic norms. A substantial number of banks

are not capable of paying off credits. As a result of the unsatisfactory credit policy, bankruptcy is possible for some of them. A decision has now been made concerning recalling licenses for the conduct of banking operations from four banks: Adilet, Kazmedbank, Astanabank, and Kamkor. In addition, the question of recalling licenses from several other banks is being examined. It was emphasized that the National Bank is not pursuing the objective of artificially reducing the number of banks—another six of them were opened in two months—I am talking about the question of protection of the interests of the banks' clients and stockholders.

The chairman of the National Bank also considered it necessary to mention that similar measures caused a natural reverse reaction, which expressed itself in "appreciable pressure," but he hopes that he will be able to defend his position and not revise decisions that have been made: "The period when our banking system was viewed as a country of unfrightened bankers is coming to an end."

Uraz Dzhandosov, commenting on the forecast of an IZVESTIYA correspondent on the outlook of Kazakhstan's relations with international financial institutions, declared, in particular, that the stability of the exchange rate and inflationary indices depend not on the volume of international credits, but most of all on fundamental macroeconomic parameters—a balanced budget and a normal structure of policy, the degree of openness of the market, and the absence of monopoly pressure on prices. Given a guarantee of all these parameters, the importance of foreign credits is not that great. As a rule, credits are granted to states for a transitory period.

In Kazakhstan, in contrast to Kyrgyzstan, in which foreign loans provide more than 70 percent of the gold currency reserves—in our country they do not constitute a critical volume, fluctuating within a range of 20-25 percent, the terms of the return of credits are very favorable, and a break in foreign financial assistance should not be expected.

The total volume of foreign credits, including indebtedness to Russia, which amounts to half of foreign indebtedness, 2.5 billion, can be reasonably connected not with the volume of gold currency reserves but with the volume of foreign currency and ruble export. Therefore, today's indebtedness, if it is evaluated according to international standards, comes close to that level which should not be exceeded, but which has not yet been reached. In any case, in the last half year a big increase in foreign indebtedness has not occurred.

Replying to PANORAMA's question concerning the National Bank forecast in connection with the expected visit of Lewis Preston, president of the World Bank, Mr. Sembayev said in particular that the National Bank really contributed to the organization of this visit and took part in the preparation of some questions: "Our task is to use this opportunity to increase the presence of resources of the World Bank in Kazakhstan in directions that are a priority for it."



[PANORAMA] What was the reaction of the National Bank to the ruble collapse in Russia?

**Daulet Sembayev:** We have an agreement with Russia that we must undertake measures to implement actions directed at the mutual support of currencies. We consider it a positive phenomenon for ourselves that the Moscow interbank exchange quotes the tenge, and that we quote the ruble without great differences. We are now making a direct quotation, and this indicates that the value of currencies is accurately regulated by the market. The National Bank unconditionally undertook a series of banking operations. Just before and during the last crisis, Mr. Marchenko was in Moscow, as a result of which the collapse in mutual deliveries and mutual exchange rates was reflected to the extent that the ruble to dollar situation changed. We think that we lived through Black Tuesday relatively normally, although in Russia our companies suffered considerable losses.

**Uraz Dzhandosov:** Given the fact that the stability of the exchange rate of the tenge to the dollar did not suffer, a number of Kazakhstan enterprise exporters bore substantial losses. Inasmuch as our exporters believed in the definite stability of the ruble, contracts for the delivery of products were concluded in rubles, and this led to the fact that in many contracts Russian importers settled accounts in rubles precisely at the moment of a significant drop in the rate of exchange.

[PANORAMA] What is the opinion of the National Bank regarding the planned international offset with Russia?

**Uraz Dzhandosov:** There are mutual debts of enterprises that are of the same nature as internal debts. The offset mechanism has not been determined yet, there is a plan to attempt to exchange the indebtedness of Russian enterprises to Kazakhstani enterprises for the indebtedness of Kazakhstani enterprises to Russian enterprises. Naturally, at the same time, the difference in indebtedness will be assumed by a third party. Realistically, this can only be taken on by the state, with all the ensuing consequences. It is hardly likely that the international offset will lead to a magical outcome, and it is most likely that the Cabinet of Ministers will seek a more local scheme.

**Daulet Sembayev:** After determining the differences in mutual indebtedness to the government, the task of finding a source of settlement will arise. It is unlikely that the National Bank will welcome the idea of allocating additional resources to cover the indebtedness of enterprises.

### **Chernyshev Recalls Suit Over Legislation**

954K0374A Almaty EKSPRESS-K in Russian  
16 Nov 94 p 3

[Article by Arkadiy Turov: "Vladimir Chernyshev Recalls His Suit From the Constitutional Court"]

[FBIS Translated Text] Supreme Council Deputy Chernyshev filed a suit with the Constitutional Court

last year. In Chernyshev's opinion, the former parliamentary structure adopted a number of unconstitutional legislative acts as the curtain fell on its activity.

Several judges rejected the deputy's suit. In the end, the case was accepted for review by Judge U. Ikhsanov. The review, however, dragged on—and not for a week, or two, but for 10 months.

The other day Vladimir Vasilyevich asked that the case be stopped. We quote his letter to the Constitutional Court:

"My cancellation of the suit is explained by the fact that I changed my opinion on the unconstitutionality of the indicated laws.

"I remain firmly convinced that the indicated laws, just as the Code on Elections and the Law on Temporary Delegation of Additional Powers to the President of the Republic of Kazakhstan and the Heads of Local Administrations, which were adopted simultaneously with them, are in flagrant contradiction to a whole series of articles and provisions of the Constitution of the republic. All of these laws, in my opinion, do not have juridical force, because not one change was made to the Constitution, and only therefore did I lodge a complaint against them to the Constitutional Court.

"I am petitioning for the cessation of legal proceedings on three laws verified by you for the following reasons.

"As you probably know, until very recently, I asked the Constitutional Court to examine the constitutionality in one lawsuit of the five laws appealed by me.

"But up to the present time, my complaints have not been examined either separately or jointly.

"I believe that the reason for the long failure to examine my complaints is the unsuccessful selection of judges and their fear of the president of the Republic of Kazakhstan; that is, their fear of the executive authority.

"At the same time, the dispersal of the councils at all levels stipulated by the December (1993) laws in violation of the Constitution and the unconstitutional early elections have already taken place.

"Obviously, under these conditions a court examination to verify the constitutionality of the laws on the designation of elections and the dispersal of the councils (local councils and the Supreme Council) makes no sense; and, after all, even if the Constitutional Court (in this context) satisfies my claim, and the authorities will want to carry out its decision, it is practically impossible to eliminate the consequences resulting from the unconstitutional dispersal of the councils at all levels, inasmuch as this will require enormous financial expenditures from the people and will affect the fates of thousands of people.

"Taking into account the considerations set forth, I decided to approach the five laws I complained against in December of 1993 in a differentiated way: To recall the lawsuits on verifying the constitutionality of the laws 'On Elections of the Deputies of the Supreme Council and Local Representative Organs of the Republic of Kazakhstan,' 'On the Early Cessation of the Powers of the Local Councils of People's Deputies of the Republic of Kazakhstan,' and 'On the Early Cessation of the Powers of the Supreme Council of Kazakhstan,' and to concentrate efforts on defending the complaints on the law 'On the Temporary Delegation of Additional Powers to the President of the Republic of Kazakhstan and the Heads of Local Administrations,' and on the 'Code on Elections.'

"I plan to insist on a court examination of the indicated two laws, because the first of them served as the basis for the illegal publication by the president of the republic of a whole series of edicts on questions regarding the competence only of the Supreme Council, and the second, that is, the 'Code on Elections,' is an act that is also subject to application in the future and, therefore, it is very important to exclude from it provisions that contradict the Constitution."

It is curious that while up until now the Constitutional Court displayed uncommon sluggishness, it reacted instantly to such a message: Chernyshev sent a letter on 9 November and already on 10 November State Judge U. Ikhsanov issued a finding on the cessation of legal proceedings "in view of the voluntary removal of the question by the petitioner." It would be nice to have such speed in the examination of other cases...

#### **Ethnic Russian Leader Found Not Guilty**

954F0370A *Almaty KAZAKHSTANSKAYA PRAVDA*  
in Russian 19 Nov 94 p 3

[Article by Yevgeniy Nekrasov: "Investigation Completed: Let Us Not Forget To Draw Conclusions—Supreme Court Finds Boris Suprunyuk Not Guilty of Inciting Ethnic Discord"]

[FBIS Translated Text] The Supreme Court of the Republic of Kazakhstan has examined the appeal of journalist Boris Suprunyuk and his lawyer with respect to a determination of the North Kazakhstan Oblast Court 2 September 1994. B. Suprunyuk, a Russian Federation citizen, was declared guilty of the commission of a crime under Article 60 of the Criminal Code of the Republic of Kazakhstan—deliberate public dissemination of views and ideas that undermine confidence and respect for the Kazakh people, and inciting ethnic discord. He was sentenced to two years confinement with conditional probation of two years. During the investigation, B. Suprunyuk spent almost a month and a half in prison.

The journalist and his lawyer appealed this determination as unlawful, pointing to the impermissibility of persecuting citizens for their convictions. The judicial

board on criminal matters of the Supreme Court was presented several packets containing published materials from dozens of Kazakh and Russian newspapers, including speeches and other presentations of officials attesting to improper resolution of social and ethnic issues in Kazakhstan so as to cause the migration of the Russian-speaking population and other negative phenomena. It took over an hour just to enumerate these incidents, the most harmless and curious of which, perhaps, was the renaming in Petropavlovsk of "Russian" vodka as "Kyzylzhar."

"I wrote and spoke only about what is all around us"—stated B. Suprunyuk. "But I was arrested and sentenced for political motives, to provide an example to others. Instead of holding accountable the true culprits behind the disastrous situation in which the Kazakh, Russian, and other peoples residing in Kazakhstan are living today, the authorities decided to provide an example by punishing a journalist who called a spade a spade."

Studying the case materials, the judicial board, chaired by M. Narikbayev, first deputy chairman of the Republic of Kazakhstan Supreme Court, approved the appeal, thereby overturning the determination of the North Kazakhstan Oblast Court. The board then closed the case, citing lack of criminal substance in the actions of B. Suprunyuk.

Thus, justice is restored. Now B. Suprunyuk has the right to pose the question of responsibility of those officials who violated the law, and to demand compensation for the moral injury inflicted upon him by law enforcement organs. The questions remains: Will all the parties concerned draw the correct conclusions from this affair?

#### **Kazakhs Polled on Breakup of USSR**

954K0348A *Almaty KARAVAN* in Russian  
No 45, 11 Nov 94 p 7

[Unattributed report: "Collapse of the USSR Is A Great Disaster—So Believe 80 Percent of Kazakhs"]

[FBIS Translated Text] Three years have now passed since the people of Kazakhstan, then representatives of a great power, were transformed into citizens of a young, independent state. The burden of "historic responsibility for the destiny of the world" no longer burdens the mass consciousness. Economic and social problems have decisively squeezed out any interest in foreign policy collisions.

All the same, how do the inhabitants of Kazakhstan assess what is going on in the outside world and the place their country occupies in it?

Let us look at the results of a selective survey conducted throughout the republic in which 1,200 urban and rural residents of Kazakhstan were queried.

Survey respondents indicated foreign policy to be the only sphere in which the republic government was acting more or less effectively. Some 52 percent of those

surveyed are convinced that today there exists absolutely no threat to the security of Kazakhstan. And of those who do see such a threat, over two-thirds believe it comes not from outside, but from within.

The following table shows how respondents answered the question "Are you afraid that some country or former Soviet republic will attack Kazakhstan within the next five years?"

Very afraid	3.9 (percent of those surveyed)
Somewhat afraid	14.8
Not very afraid	30.4
Not at all afraid	40.1
Difficult to respond	10.8

The almost olympic calm shown here contrasts sharply with people's reaction to the question "Should Kazakhstan retain nuclear weapons as a guarantee of its security or give them up altogether?" Some 45.4 percent of respondents expressed support for the retention of nuclear potential, while 42 percent were against it. (More than 12 percent of respondents found it difficult to respond to this question). The fact that such sentiment was found in the country, whose society long struggled for the cessation of nuclear testing, requires special, thorough research.

A look at the world map elicits generally positive sentiment among the people of Kazakhstan. The following table shows how they relate to certain countries (percentage of respondents):

	Very favorably	Rather favorably	Neutral	Rather unfavorably	Very unfavorably	Difficult to respond
Germany	31.4	43.7	16.3	1.1	0.3	7.2
United States	31.4	42.6	15.9	2.3	0.8	7.0
France	27.4	45.0	18.0	0.8	0.3	8.5
Japan	27.4	41.6	19.5	2.9	0.6	8.0
South Korea	10.7	42.8	28.9	3.0	0.8	13.8
Turkey	9.2	45.0	29.4	4.3	0.7	11.4
Israel	8.2	34.4	32.9	7.0	2.0	15.5
China	5.4	31.1	32.5	15.2	5.1	10.7
Iran	4.3	26.4	38.9	9.8	1.5	19.1
Iraq	3.2	21.4	35.4	16.1	4.2	19.7

We can see that there remains not a trace of any hatred toward "imperialists." In fact, the greatest sympathies of Kazakhs are on the side of the "imperialist" states. But, if we look at the table from another point of view, we see that the criterion for favorable assessment from the

Kazakh mass consciousness is a country's level of development and well-being more than anything else.

Now we look at how our fellow citizens view countries of the near abroad. Figures indicate percentage of respondents.

	Very favorably	Rather favorably	Neutral	Rather unfavorably	Very unfavorably	Difficult to respond
Russia	34.2	45.5	11.9	5.8	0.7	1.9
Belarus	24.1	44.8	19.3	5.0	1.0	5.8
Ukraine	20.3	44.8	19.5	8.4	1.9	5.1
Uzbekistan	17.7	45.0	21.9	8.2	2.0	5.2
Kyrgyzstan	16.3	46.7	22.7	7.5	1.2	5.6
Moldova	16.3	36.3	26.4	9.9	2.8	8.3
Turkmenistan	15.8	41.0	25.1	8.4	1.9	7.8
Tajikistan	12.8	32.3	23.1	15.4	7.9	8.5
Azerbaijan	11.8	27.7	23.7	21.6	7.7	7.5
Armenia	11.8	27.8	24.0	19.5	8.3	8.6
Georgia	11.6	27.5	23.9	19.6	9.6	7.8



It is not difficult to see that Kazakhs have basically retained a positive attitude toward their former brothers in the former USSR. Negative sentiment increases to some extent when the republic in question is one that has become a "hot spot."

Two special questions were posed to respondents concerning our most influential neighbors in the near abroad—Russia and Uzbekistan. Some 86.7 percent are convinced that alliance with Russia constitutes the most important guarantee of Kazakhstan's independence. Only somewhat over 13 percent of those polled agreed with the theory being circulated that Kazakhstan is vying with Uzbekistan for leadership of Central Asia. Two-thirds of respondents believe that the relationship between Kazakhstan and Uzbekistan is more one of partnership than rivalry.

Despite the fact that only about half the respondents believe wholly or in part in the viability of the Commonwealth of Independent States, Kazakhs are confirmed adherents of integration with the former fraternal republics. About 60 percent of those polled support the concept of a Eurasian Union. Only 9.1 percent were against this. Nor would our countrymen apparently be opposed to closer forms of unification. More than 80 percent of those surveyed continue to consider the collapse of the USSR a great disaster.

#### Arguments for Proposed Eurasian Union

954K0355A *Almaty KAZAKHSTANSKAYA PRAVDA*  
in Russian 14 Nov 94 p 3

[Full-page feature under the general heading "Eurasia":  
"Arguments in Support of the EAU"]

[FBIS Translated Text]

[Begin box]

I do not believe that the special issue YEVRASIYA [Eurasia] is in need of any special explanation or exegesis. A discussion of the Eurasian Union project proposed by Nursultan Nazarbayev will be engaged on this special-subject page. We plan to carry articles on the theory and history of Eurasianism here. And we will pay particularly close attention to new studies and the contemporary ideologists of Eurasianism.

In illustrating one of the burning topics of our times we look for the assistance of scholars, social scientists, and all those who are conversant with the designated set of problems and who have valuable ideas or who are prepared to familiarize society with interesting integration proposals.

[End box]

**Stepan Shalayev, director of the Trade Unions Research Center, Moscow: The CIS Countries Will Not Survive Without One Another**

Like millions of my fellow citizens, I warmly support the constant efforts of the leadership of the Republic of

Kazakhstan, its president, N.A. Nazarbayev, and the People's Unity of Kazakhstan social and political movement aimed at the development and strengthening of integration processes within the framework of the CIS and the creation of an efficient economic union and interrepublic cooperation and development authorities. The organization in Almaty of the international workshop on the theme "The Eurasian Space: Integration Potential and Its Realization" is further confirmation of this.

[begin box] The Eurasian Union is a union of equal independent states that is aimed at the realization of the national-state interests of each participating country and that has aggregate integration potential. The EAU [Eurasian Union] is a form of the integration of sovereign states whose purpose is a strengthening of stability and security and socioeconomic modernization in the post-Soviet space.

Economic interests determine the principles of the rapprochement of the independent states. The political institutions of the Eurasian Union should adequately reflect these interests and contribute to economic integration.

[Signed] Nursultan Nazarbayev, "Formation of a Eurasian Union of States" (draft). [end box]

It may be said today that the Commonwealth of Independent States in the form in which it exists has failed to perform its economic role in terms of the development and strengthening of the cooperation of the CIS countries.

The disintegration of the single national economic complex and the exaggerated understanding by the authorities and politicians of many Commonwealth countries of state sovereignty have ultimately led to a significant decline in production, growing unemployment, a sharp fall in the living standard of the peoples of the CIS, a growth of social tension, and the involuntary migration of the population.

The price of the severance of the traditional business ties has proven to be exorbitant. Viewing its consequences, it has to be considered that the economic relations in the former USSR exceeded in terms of their intensity the relations between countries of the European Economic Community (EEC). More than 20 percent of the gross national product was involved in republic exchange with us, in the EEC, 14 percent.

Russia satisfied thanks to imports from the republics of the former USSR, for example, 23 percent of its need for mechanical engineering products, more than one-third of its ferrous and nonferrous metallurgy requirement, one-fourth of chemical and light industry needs, and 100 percent of its need for cotton and many types of components.

Simultaneously Russian supplies, it is estimated, provided Ukraine with 67 percent, Belarus with 84 percent, and Kazakhstan with 52 percent of their end products.

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It should be considered also that the single national economic complex of the former USSR was created over many years by way of the territorial division of labor with highly specialized and pooled industries, a single system of supply lines, and the republics' specialization in particular types of product and raw material. The rupture of the business and economic ties, the establishment of customs borders, and licensing and quantitative import restrictions have hit the consumers hard. It is variously estimated that the severance of business ties accounted in 1992-1993 for 30-50 percent of the overall decline in production. It may be unerringly concluded today that the vast majority of the population of the CIS countries—working people, entrepreneurs, the unions, and many prominent politicians and scientists—advocates the speediest restoration of the single economic space.

But a new integration model of the Commonwealth will be required for this. A model based on the equality of the independent states and respect for their sovereignty, on a single economic space and the free movement of products, goods, services, and capital and the non-visa movement of labor resources and ordinary citizens, on a harmonized legislative and prescriptive base in the system of relationships of the economic agents, and so forth.

The creation of an economic union within the framework of the Eurasian space would seem an intelligent way out of the present crisis situation.

But a number of political, socioeconomic, and legal guarantees on the part of states that support integration ideas not only in word but in deed is required.

The development of the mutually beneficial socioeconomic and legal cooperation of the states within the framework of a single economic space would be an important means for mitigating the upheavals of the transitional period and facilitating progress toward a civilized market and democracy. For this reason I am for the Eurasian Union.

#### **Leonid Ivashov, secretary of the Council of Defense Ministers of the CIS: Defense Would Be Stronger**

The Commonwealth states are united not only by the historical and cultural affinity of the peoples and close economic ties but also by geopolitical interdependence, a coincidence of the main strategic interest, and coinciding aims and tasks of the assurance of national security.

Actual threats to the interests of the CIS countries and their sovereignty and territorial integrity prompt unification. For this reason the idea of the creation of a system of collective security and its principal component—a defensive alliance—is not just some whim or populist slogan but an objective necessity corresponding to the interests of the peoples of our states.

The realities today are such that without close and global integration relations in the military sphere no state of the Commonwealth can guarantee its military security. This

has been understood by all serious politicians and military men. The issue amounts to the forms of military cooperation.

Today the nine subscribers to the Collective Security Treaty are in a coalition with one another. Merely commitments to render military assistance in the event of aggression against any participant in the coalition have been assumed. This form is in itself inert since it fails to provide ahead of time for the joint preparation of the countries and their armed forces for warding off military threats, repelling aggression, and smashing the aggressor.

Nor is provision made for the creation of the authorities and commands that are responsible for military security and that have been endowed with certain supranational powers, just as there is no provision for joint groupings of forces and resources either.

A defensive alliance, in our view, is most acceptable for the present situation and condition of the states of the Commonwealth. Speaking of a more profound form of military integration with united armed forces, a single military policy, and a common doctrine is at least premature.

It would seem that the following goals may be achieved within the framework of a system of collective security and a defensive alliance:

- assurance of peace and stability on the territory of the CIS via a system of political and legal commitments, close military cooperation, the establishment of a spirit of trust and mutual respect, and the existence of structures making it possible to prevent conflicts or to neutralize them;

- the warning of aggressive intentions on the part of third states or other extremist forces;

- a reduction in spending on defense and security;

- the joint repulse of aggression;

- the prevention in the future of an increase in the military potential of individual states of the CIS to levels threatening peace and stability in the region.

#### **A Little Eurasian Union in Action**

S. Zhutayev, deputy chairman of the Committee for Interethnic Relations of the administration of Orenburg Oblast, is a Kazakh. When the republic acquired sovereignty, he, a member of the World Council of Kazakhs, became a frequent visitor to Almaty. In 1992 he attended the kurultay, and in 1993, the festivities on the second anniversary of independence, and he recently took part in the workshop.

[Question] Sagymbay Nurumovich, you said at the roundtable that Eurasianism was close and comprehensible to you from reality.

[Zhutayev] You bet! I live at the "intersection." The Urals run through Orenburg and divide the city into Europe and Asia.

So I live in Russia. But 50 km from Orenburg is Aktyubinsk Oblast's Martukskiy Rayon. We also border West Kazakhstan and Kostanay Oblasts. Without any prompting from Moscow's theoreticians, therefore, we embarked on the implementation of this idea long since. Because we can have no choice other than unity.

A great deal of work on strengthening relations with his neighbors is being performed by Vladimir Vasilyevich Yelagin, head of the oblast administration.

For example, agreements on trade and economic and cultural cooperation have been adopted between our oblast and all the above-mentioned Kazakhstan oblasts. Many industrial enterprises have united. Some in the Yuzhnyy Most firm.

[Question] That is, a "little Eurasian Union" has been formed, as it were.

[Zhutayev] Perhaps so. If this process has, indeed, begun, it is primarily with us.

Aktyubinsk and Urals performers visited us in May, on the 250th anniversary of the city. The Kazakhgazprom is assisting the publication of a newspaper (AYKAP) in Kazakh. And there is a great multitude of examples of interaction and mutual assistance. Our ties to Kazakhstan are traditional, and we have no intention of severing them. The politicians notwithstanding.

[begin box] We have several plans on the agenda. One is a plan for a Slavic Union, which does not seem productive to me because tension is already being created for the Russian Federation itself with its multimillion-strong Turkic-speaking and Muslim peoples.

The second—restoration of the USSR—is a romantic project, and no one takes it seriously today.

There is, of course, the thought that the establishment of a Russian empire is possible, but such a project could produce nothing but upheavals throughout the post-Soviet space.

The Eurasian Union project, however, is very original and "well grounded," in my view.

[Signed] Konstantin Zatulin, chairman of the Committee for CIS Affairs and Liaison With Compatriots of the State Duma of the Russian Federation Federal Assembly. [end box]

#### Editorial Comment: Not a Period But a Dotted Line

As we know, at the October summit in Moscow the heads of state of the CIS spoke equivocally about N. Nazarbayev's integration proposals, and the plan for the creation of a Eurasian union did not obtain the anticipated support. At the concluding news conference Boris Yeltsin, for example, spoke guardedly and tersely about the idea of a Eurasian Union. In general outline his position is this: The proposals have been noted, period, for the time being.

But inserting a period is premature. Inasmuch as the Eurasian initiative is still right at the very start of the journey. In addition, it clearly does not face the threat of being glossed over in silence, which is a fate that has befallen several "CIS" projects. The Eurasian Union is a leading topic of many authoritative newspapers, and neither are regional or international forums ignoring the new concept of the development of the relations of states that have practiced self-determination.

The CIS Interparliamentary Assembly also at its fifth plenary meeting discussed with interest the possibilities of a Eurasian Union through the prism of parliamentarianism. A Kazakhstani press survey cited the opinions of Vladimir Shumeyko, chairman of the Interparliamentary Assembly Council, and Mecheslav Grib, who is head of the representative authority of Belarus.

V. Shumeyko said:

"The form of parliamentary organization that is represented today within the framework of the Interparliamentary Assembly corresponds fully to the degree of integration of the countries of the Commonwealth. And we would not want to get ahead of ourselves here and are absolutely convinced that it should be first the economy, then policy. And the greater the economic integration of our states, the more it will entail political integration. To speak today, however, about the creation simultaneously of a unified parliament (such that deputies are elected to it, vote directly, and pass laws binding on all the former republics of the Union) would be very premature."

M. Grib's viewpoint is similar:

"We are for an economic union, a currency union, and a currency union primarily. The time for the restoration of the former Union has irretrievably passed, and the time for the creation of a new political organization of the confederation or federation type has not yet arrived."

So politicians are cautious in their evaluation of the Eurasian Union project. And the tone is thus far being set by political scientists, historians, and representatives of grassroots movements campaigning for the restoration of the severed ties and association on a new basis. This, incidentally, is a very serious support group, which was confirmed, specifically, by the workshop "The Eurasian Space: Integration Potential and Its Realization," which was held on 20 September in Almaty.

Whether the intellectuals can influence the statesmen, time will tell. But it is they that are shaping public opinion to a large extent. And the helmsmen of the people are simply duty bound to listen to their voice.

So some people have clearly been in too much of a hurry to "bury" the Eurasian Union. And the unfinished Moscow discussion will certainly be continued in Almaty



(a summit of heads of state of the Commonwealth is planned here for 23 November) and other capitals of the CIS.

The main thing is to remain optimistic.

The international conference "The Eurasian Space: Integration Potential and Its Realization," which took place 19-20 September in Almaty, assembled a truly presentational composition of participants.

But it turned out that the popular politicians eclipsed the modest doctors and candidates, whose scholarly learning in the theory of Eurasianism is particularly valuable at the target-designation stage.

This is what it is important to stress here: The politicians are only just determining where they stand on the idea of an Eurasian Union, but the drafters of the modern Eurasian concept are already making serious organizational efforts (several liberal arts funds and movements professing the ideology of Eurasianism have already been created) and are conducting a dialogue on the paths of realization of integration designs (a group of political parties and movements of the CIS adopted together a charter of a Eurasian community more than 18 months ago).

A particular place in the cohort of Russian enthusiasts of Eurasianism belongs to Doctor of Philosophy Yuriy Bokan. Bokan is a member of the Science, Culture, and Education Commission of the Public Chamber under the president of the Russian Federation and a full member of the following scientific associations: the Noosphere Academy, the Creative Work Academy, the K.E. Tsiolkovskiy Academy of Cosmonautics, and the International Academy of Information Science.

"His path" in science is the creation of a universal liberal arts philosophy designed to "mold a free, confident creative personality" (it has come to be called VITASOPHIA) and the elaboration of a doctrine regarding Russia and Eurasia as a COSMO-SOCIAL CIVILIZATION.

I listened to Yuriy Ivanovich not in the hurly-burly of the conference but in the stillness of the mountains, where the background to the conversation were impressive blue and white expanses that were so much in harmony with the globalism and lofty principles of his invigorating theory.

Bokan was invited to Almaty as president of the Humanitarian Forces of Russia Movement and general secretary of the Eurasian Humanities Forum. I inquired first of all, therefore, how he combines participation in these broad social initiatives.

It was clear from his response that the movement and the forum have common roots.

"The movement began to take shape at the end of the 1970's. It was originally composed of social and environmental associations. You will have heard something of the 'blue' movement. Whereas the Greens raised questions of protection of the environment, we, of the inner world. That is, we studied the 'environment' of man, the

spiritual 'environment.' Our mission was to preserve the intellectual wealth of society and to create the conditions for the fuller creative self-realization of the personality.

"Time went by, the concerns of our fatherland became our concern, and the movement expanded.

"And at one stage of our development we came to feel the need for the accomplishment of the integration tasks that have confronted us since the collapse of the USSR. So we arrived by degrees at the Eurasian idea, which is acceptable from the standpoint of a general humanitarian approach. The Eurasian space as we see it is a single humanitarian space, in which peoples with common cultural traditions and long mutual complementarity live.

"In 1992 we conducted in Moscow with the participation of the UN Information Center the European Forum of Humanitarian Forces, at which the Eurasian Charter was adopted. This statement, which was addressed to the governments and the public of Eurasia, expressed the concerted position of the peacemaking forces that are a part of the movement.

"It is painful for us to watch the destruction of the great cultural potential, and we are doing everything possible to restore it. For example, we conduct within the framework of the Eurasian Forum all kinds of roundtables, whose subject matter includes questions of both a global (atmospheric and environmental trends, for example) and a local (problems of small cities) nature.

"The European Library Association, which is developing successfully and working on the preservation of a common information and library space, was created with our participation (this is highly pertinent for Kazakhstan: Even the republic's main library has stopped receiving journals and many newspapers from Russia—A.T.)."

[begin box] The mere fact of the organization of the conference here, on Kazakh soil, appears almost symbolic. It is from here that initiatives pertaining to the integration of the post-Soviet space have been emanating as of late. The idea of the Eurasian Union is one of them. Even the infamous Alma-Ata Protocol, which essentially sealed the Belovezha improvisation of 1991, has not ultimately been an obstacle in the way of these initiatives.

The position of the president of Kazakhstan, which expresses the unconditional preservation of the traditional ties of the republics of the former USSR in the field of political and economic cooperation and the establishment of an atmosphere of human socialization and people's mutual trust, is finding more and more supporters.

[Signed] Nikolay Ryzhkov, chairman of the Moscow Intellectual and Business Club. [end box]

But the general humanitarian concept did not produce a vision of the deep-lying processes. So Bokan and his sympathizers little by little approached the idea of Eurasian cosmism.

"We asked where the integration factors were to be found. And concluded: In what has united us for centuries. The perception of a common home, the multi-aspectual and multi-level Eurasian cosmism. It united the creeds and being of the peoples and predetermined our acceptance of world religions, which have developed successfully in the cultural habitat of Eurasia. Nor did it reject either monarchical or socialist ideas. Its salutary impress has been borne by philosophy, art, and science.

"What is cosmism? It is simultaneously the intuitive and deliberate aspiration to an integral understanding of the world and to the realization of socio-cosmic or simply universal laws. This is what distinguishes us Eurasians. It is our primordial, fundamental principle of world perception. The link and relationship of man and the cosmos, man and the universe or, in the language of today, civilization forces and processes have always excited Eurasians. We are, after all, a single nonconsumer space. Fundamentally different from the Western, essentially consumer, society."

Bokan is worried in this connection by the fact that at the present time values that are alien to them are being foisted on Eurasians and that our countries are experiencing the expansion of the ideology of consumerism. Unless we resist this pernicious phenomenon, he believes, the destruction of the Eurasian cultural habitat could become an irreversible process.

Meanwhile Russian geographical or ethnic Russian cosmism, which took shape as a scientific and natural current at the turn of the century, has by this time amassed so much strong authority that it is addressed as the highest criterion of the comprehension of the being of mankind and global world problems. Increasingly not by us Eurasians, alas, but by the representatives of other historical communities.

What is the legitimacy and attraction of this teaching? In the view of contemporary ideologists of Eurasianism, universalism buttressed by the possibilities of an explanation of essential, organic relations.

For example, the Eurasian space is seen by the disciples of cosmism as a single living organism connected by the laws of being with the entire universe.

Concomitantly, I conceive of the fate of our community.

"An organism that is torn to pieces becomes nonviable...."

My partner, however, disagrees:

"I do not believe that all is lost. The organism remains integral, for all that. We have in our development negotiated two significant historical stages. The first was religious-monarchical, the second, atheistic-socialist.

Single-order systems at the global level have not stood the test of time and have collapsed. Nonetheless, Eurasia is on the eve of a powerful new outburst, on the eve of the stage of maturity."

"On what do you base your confidence?"

"Historical patterns, the theory of the active evolution of the living Eurasian space, and observations at the global and everyday levels.

"As you know, preceding eras ended in national crisis. The cosmo-social laws of self-realization of the personality were broken. The social prevailed over the individual.

"An opportunity has now appeared in connection with the fact that we are switching to a new quality for the mastering of many bottlenecks and for reaching new civilization parameters.

"We have pretty good scientific potential and fundamental intellectual work experience and we have reached an understanding of environmental and other global problems. And we are capable of entering the postindustrial era as leaders outpacing world civilization. Primarily thanks to the fact that a nonconsumer mentality is embedded in us at root.

"An era of new values is coming, and preferential development in it awaits Eurasia."

"I would like to believe it, but even if this is to happen, it will, in any event, not be any time soon."

And I am once again persuaded that we still have optimists among us:

"Granted all my respect for the evolutionary paradigm, I leave room for the initiative of people—leaders, elites."

"But leaders and elites are currently performing a separation role!"

"Views and ideas change quite rapidly. Eurasian ideas included. The plank of understanding of the problems of human development is rising higher and higher here. And our ancestors and nature have genetically predetermined for Eurasians the primacy of the spiritual principle. The leadership also, consequently.

"It is a question of whether we can retain the creative potential contained in us and in our community and whether we are able to conform to the level of the tasks of the times. This is why Eurasians should only welcome any proposal connected with a revival of a sense of dignity. This is why I warmly support the Kazakhstani president's project.

"And I am afraid of only one thing: that we might overpoliticize this productive idea."

"That is, you find the discussion of political projects premature?"

"Why so? Let them be discussed, let them mature. But the 'productive soil' of the mass consciousness is essential for the constructive ideas of politicians. And who if not the participants in the movement of humanitarian forces is capable of performing explanatory work and propaganda in terms of the Eurasian concept? Especially since the politicians' projects offer absolutely no contrast to ours in this case.

"From the viewpoint of spiritual and intellectual potential, Eurasianism is a priceless world resource. And we are strong in an understanding of its significance. So let us avail ourselves of our historical advantage and make a breakthrough into the future.

"Pragmatists maintain that economic reforms should take pride of place. But all reforms are made by people, and someone has initially to say the word.

"So Eurasianism could be that inspirational world that lends people wings.

"Remember the first launch of an artificial earth satellite, Gagarin's flight—what inspiration enveloped people! What is the reason for this? The fact that the 'strings' of our spiritual and genetic communion with the cosmos were touched. The idea of comprehension of the great integral world became realistic."

[begin box] Integration in the Eurasian space is for our state an important priority of foreign policy, which is determined not by ideology but national interests. As President L.D. Kuchma has emphasized, the self-isolation of Ukraine and its voluntary renunciation of active struggle for its own interests in the Eurasian space were serious political mistakes, which were detrimental primarily to the national economy.

[Signed] Viktor Bogatyr, ambassador extraordinary and plenipotentiary of Ukraine in the Republic of Kazakhstan. [end box]

"Let us attempt to repeat that flash of mass inspiration, taking as a basis the unifying Eurasian idea. Then everything noxious will be washed away, and the senseless fratricidal conflicts will die out.

"And imagine what inexhaustible possibilities are promised mankind by a synthesis of the Eurasian intellectual potential and the scientific and technological might of the West. This could be a most astonishing breakthrough into the noosphere. And I believe that it will be accomplished because the resources of Eurasianism have essentially not yet been claimed. And our prophets maintain that the Eurasians will save the world."

On parting, Yuriy Ivanovich presented me with the booklet "Vitasophia." One of its first chapters is entitled "Toward Mastery," the last, "Those That Heralded a New Civilization."

A useful booklet. Both in the cognitive aspect and in the plane of a strengthening of spirit and faith.

### **Fedotova on Ethics, Issues in Parliament**

954F0362A Almaty KARAVAN in Russian  
No 46, 18 Nov 94 p 7

[Interview with Deputy Chairman of the Supreme Council Zinaida Fedotova by Viktor Verk; place and date not given: "I Was Never in Anybody's Pocket"]

[FBIS Translated Text] [Verk] Zinaida Leontyevna, many people today are talking about parliament "being in somebody's pocket," that it is completely dependent on the executive power. They see the cause of this in position of the leadership of the Supreme Council. And your name is frequently mentioned. How do you assess your own political role in the parliament?

[Fedotova] I will admit that not all the deputies who have come to the new parliament are satisfied with its work. This is explained by both objective and subjective factors. It is difficult today for the deputy corps to work as a collective. A certain transition period is needed...

[Verk] Does it not seem to you that it has been drawn out?

[Fedotova] Perhaps. But even the first months of work after the recess show that the deputies are beginning to be oriented within the framework of their authority and to understand that the main thing is the daily work in the committees.

Regarding the idea that I am supposed to be "in the pocket" of the executive power. I have never been in anybody's "pocket." That is not like me at all. Everything I have achieved I have gained through hard work. I have nobody who would "extend" or give me a hand as others have. My task as a lawyer is to place what is discussed in parliament in a correct legal norm which would work—without emotions and without shouting. Therefore I always aim for constructive dialogue—with that same government. For the main initiators of our legislative work are the government and the president. And a voice of denial will lead nowhere. Certain of our colleagues call us, as parliamentary leaders, "the president's people," "the people of the government." I think those are silly notions.

[Verk] In the parliament of the last convocation you were practically immediately elected deputy chairman. How did it happen that you—prior to this a prorector of a party school—immediately occupied such a high state post? After all, on a republicwide scale you are not very well known...

[Fedotova] I would not say that I was not well known. Being in scientific-pedagogical work for 12 years, I participated in training personnel for Kyrgyzstan, Tajikistan, and even Russia. A large group of people knew me. And therefore when I was nominated at a session of the Supreme Council I received support...



[Verk] You said that you are a constructive person. From this standpoint how do you assess the activity of the so-called "irreconcilable" parliamentary opposition? I have in mind the Progress group and the deputies close to it.

[Fedotova] I never speak badly about them. I cannot say that they are some kind of "irreconcilable" opposition. It is a good opposition, and I think that they too work constructively and engage in dialogue with the government. And we frequently work on legislation with Peregrin or Kuanyshalin. It is wonderful when there is a different view and different approaches. The main thing is to find a solution that will satisfy the interests of the people and the state.

[Verk] Zinaida Leontyevna, what is your attitude toward questions of private ownership of the land and state bilingualism? In my view, without solving these problems, which are fundamental to the country, the parliament cannot lay claim to a significant political role in the state or society. Is it possible for the parliament and its leaders to have a common position regarding these issues?

[Fedotova] Each deputy can have various positions. The question of the ownership of the land is a question of the Constitution. And we are awaiting drafts of the constitutional law on changes in the Constitution. How this work is going, I cannot say—I am simply not a part of the work group. But I can say that when this question was raised again before the elections I was among the advocates of private property. But this issue must be resolved calmly so that the people will accept this norm normally. I do not think the Supreme Council will hold up this draft law. As soon as it reaches us it will pass through all the committees and will be discussed in the session.

[Verk] And so you are in favor of private ownership of the land. But what about bilingualism.

[Fedotova] As of today I do not see bilingualism as a global problem. In the transitional provisions of the Constitution it states clearly: Until the state creates the conditions for the study of the Kazakhstan language by all citizens of our country, the two languages must be considered equal. I have respect for the state language but I understand that first of all Kazakhs themselves must have the opportunity to study Kazakh.

[Verk] That is, you think the present entry in the Constitution should be retained...

[Fedotova] For now, for today. Until the state creates realistic conditions for the study of the state language.

[Verk] Nonetheless state bilingualism (like private ownership of the land) is an issue whose resolution the majority of the population are awaiting today. How great is the possibility that the parliament will not be able to determine its position and the president will have to conduct an all-Kazakhstan referendum? And will this development of events not lead to the final loss of the

parliament's influence in society and its transformation into a kind of collective mechanism for "rubber-stamping" laws?

[Fedotova] The law on the referendum is on the plane of draft work. Yes, the head of state has the right to resolve the issue like that. As for the "rubber-stamping" of laws, the Supreme Council as the highest representative and the only legislative organ was created primarily for that purpose. But in the life of any state there are difficult and global problems. As of today I would name three: ownership of the land, the language question, and the problem of citizenship. And it would not be surprising if 177 deputies could not reach agreement regarding these. If the head of state considers it necessary to turn to the people for an answer, that is the civilized way to resolve problems in a democratic society and state.

[Verk] You also mentioned the problem of citizenship. What is your personal position here?

[Fedotova] I cannot say that I am against dual citizenship. But I, as a Russian person (although by nationality I am a Ukrainian) in principle do not see any positive aspects of dual citizenship for myself. As a lawyer, on the contrary, I see only possible restrictions and undesirable consequences.

[Verk] For example?

[Fedotova] Well, they could arise... For example, we speak about the possibility of allowing only citizens of this state in the state service. For those who have dual citizenship it would be necessary to find a legal way of resolving this problem.

In general I do not think the problem of dual citizenship is as important as agreements with the states that are of interest to Kazakhstan on this plane. Recently we received a delegation from the Council of the Federation of Russia regarding affairs of the CIS, and we reached an agreement on the development of such a treaty. I think this will remove the problem.

#### **Aktyubinsk Oblast Chief Profiled**

954K0390 Almaty EKSPRESS-K in Russian  
16-17 Nov 94

[Interview with Aktyubinsk Oblast Administrative Head Saveliy Timofeyevich Pachin by Georgiy Loria; place and date of interview not given: "Saveliy Pachin: 'My Children Support Me Materially'"]

[16 Nov 94 p 4]

[FBIS Translated Text] The subject of our interview is Aktyubinsk Oblast Administrative Head S. Pachin: 18 November is the first anniversary of his tenure in this position.

S. Pachin was born in 1942 in Aktyubinsk Oblast. He worked as a concrete layer in the Petropavlovsk Construction Administration and as an electric welder in the Novosibirsk Vostoktekhmontazh Trust. He served in the Pacific Fleet from 1961 to 1965.

Pachin graduated from the Moscow Land Reclamation Institute. He served as a design engineer and deputy director of the Aktyubrentgen Association, and headed the Aktyubinsk Local Industry Administration. From 1986 to 1993 he served as general director of the Aktyubinskselelmash Association, which under him became one of the republic's first joint-stock enterprises.

Since November 1993 Pachin has been the administrative head of Aktyubinsk Oblast. He was a deputy of the previous convocation of the Kazakhstan Supreme Soviet.

[Loriya] Saveliy Timofeyevich, things turned out in such a way that for the two decades before you, the oblast was led exclusively by outsiders: V. Liventsov, Ye. Zolotarev, Sh. Kulmakanov. There are different points of view regarding this. The main arguments of the proponents of this kind of "casual" approach to leadership is that a newcomer wouldn't have managed to make close friends with local officials yet, and consequently he would be more demanding of them. What was your position in this regard prior to your election as the head, and after?

[Pachin] I generally feel that leaders of all levels must be appointed on the basis of capabilities, rather than any other criteria—age, nationality, home region. Though in principle, I am more inclined to feel that it is desirable to appoint local people, from one's own environment, rather than outsiders. I am always troubled by commands from temporary workers—temporary workers are dangerous, because they are unable to work sensibly for the future. By the way, I've never seen a problem in finding a needed leader—for any position. After all, if you look at society as a pyramid, the chief sits at the top, and all the people are below. And inasmuch as the base of the pyramid is significantly wider than its apex, you can always find a person at the base who is able to assume the position of leadership.

[Loriya] Every leader leaves his mark on history—we won't go into whose mark is deeper and whose is shallower right now. But what would you like to leave behind at the end of your career as the first person of the oblast?

[Pachin] I have no intention of leaving monuments behind me. But I do want to make my contribution to the society's transformation. I really don't like the fact that we have many people who continually grumble, and look at things negatively all their lives. If I were able to surmount this psychology, then this would be my greatest accomplishment. I want people to become less mean, and for them to show greater kindness. I want them to live more sensibly, more down-to-earth. That's on the philosophical plane. And on the national

economic plane, we need to complete several very serious projects in industry and agriculture: We need to supply them with the world's best equipment, and use this equipment to produce products of which we would not be ashamed. If I am able to accomplish such a transformation, and some day someone will say that it was at least started under me, this would be quite enough for me.

[Loriya] To be honest, I'm still not fully clear as to whether you are the first official in the oblast, or actually the second, now that Zh. Tungatarov has been appointed to be the president's personal representative. What sort of relations are you establishing with him, and where is the line drawn between your responsibility and his, and your competency and his? Whose head will roll first for a serious failure?

[Pachin] My head will roll first, because after all, I'm the head. Anyway, no one has ever had his nose bent out of shape by the fact that there might be somebody above me. Any person is king in his own castle. Or at least that's the way it should be. No one can be an obstacle to implementation of my work, no matter what position I might hold. If I am responsible for this area of the work, then I'm the main manager. If I'm a designer, then it's not important to me if I'm a manager or not—I still do design work!

[Loriya] The impression is created that the mutual relations between Aktyubinsk Oblast head Pachin and former Cabinet of Ministers head Tereshchenko did not evolve without friction. It sometimes seemed that Tereshchenko was jealous of Pachin's initiatives. Or is this a mistaken impression?

[Pachin] Oh, no, I've established normal business relations with him, as also with the new head of government. I don't know, maybe some kind of problems may have arisen for Sergey Aleksandrovich in his relations with me, but I personally have no problems. I'm not a timeserver, and I always state my opinions directly. But at the same time I feel that in any situation, when communicating with any person, one must be realistic, and extract something useful from everything. If you made it your objective to create enemies for yourself, this would be very easy to do. But to make an enemy a friend is much more difficult. Though more interesting.

[Loriya] I've had the opportunity to interview many chiefs. As it turns out, in the upward flight of their careers, they have all been trailed by rumors of imminent retirement. You're not an exception to that rule either. There have been leaders who said that rumors of this sort were thought up by their enemies. So who is thinking up the rumors about you?

[Pachin] Rumors are always circulating about me. The most improbable ones. But I don't feel that they are being spread by persons unfriendly to me. Though I've also pondered this question—where do they all come

from? Evidently because a person in power is always within view of the rest of the people, it is always interesting to speculate on his life. It is much easier to fantasize about "famous" personalities. I find these rumors—particularly about my imminent dismissal or promotion—humorous, and I never get angry at them. Sometimes I even begin to feel low when too long a time passes before another rumor crops up to cheer me up.

[Loriya] What attracts you to exercising power? You aren't going to earn very much money here (at least legally), and in this time of economic decline you generally can't use your power to do constructive things. So what is there that is interesting to you—power itself? As for your debt to the people, in principle you don't own anyone anything. Or could it be that the *tenge* simply spends differently when in the hands of people at the apex and those of people at the base of the pyramid?

[Pachin] From a material standpoint this is indeed a terrible place to be. I think that I receive a minimum of four times less than I would be getting in Selmarsh. And this creates certain inconveniences for me. To be honest, when I agreed to accept the post of head, I didn't really understand that changes in the material aspect would be so much for the worse. I came to understand this later on. At one time I thought that the difficulties would be temporary, and the hard times would pass quickly, because they are illogical and abnormal. But now I sometimes get to thinking that this is a permanent state of affairs. I begin wondering how things can go on this way. Luckily I'm now at an age and in a position where material difficulties don't get in the way of life much. I'm certain that if this had been 10 years ago, I wouldn't have been able to endure at all. I would have deserted my position, that's for sure. Why? Because back then, I had significantly more expenses associated with family and children. But today I don't have such outlays. My children are earning money on their own, and they are even beginning to help me out. In short, my wife and I aren't very pretentious people, we aren't spoiled by the good life, and the money we do get is enough for basic necessities.

When I assumed this position I wanted to implement a number of programs. If I'm successful, I think that I and many of the oblast's inhabitants will start getting a real income. The scheme is very simple. Currently I'm trying to encourage more private businessmen to get into production. The businessmen will issue stocks, and these stocks will be bought up by the people of Aktyubinsk. In the first phase I would like to act as the guarantor, so that people would develop trust in the stocks. I sincerely believe in the success of such an initiative, and I'll buy stocks myself. I intend to talk about this matter openly, and advertise it widely. After all, owing to stocks, the wage level will no longer be so important, and people will begin receiving a good 10 times more. Then the work itself will seem more interesting as well.

[Loriya] Rumors have it that you built yourself a luxurious dacha or cottage in the Moscow suburbs. Is this a lie?

[Pachin] This isn't the first year this rumor has been amusing me. I suggested to one Internal Affairs Administration associate who was hounding me that he go to Moscow, take a look, and then tell me what it was that I had built. To be honest, I didn't think that he would go. But he did. About a month after our conversation he came to me and announced that he had been THERE. I became terribly....

[Loriya] ...afraid?

[Pachin] ...interested. I asked him to tell me what he had seen. But as for he was able to communicate.... At first I even wanted to file suit against him, but then I thought, the hell with it!

I do in fact very much want to build by own home. But here, in Aktyubinsk. Unfortunately I don't have any money. And I can't take out a loan—according to the law I don't fall into the category of people having the right to take one out. By the way, I would like to ask a question of the president of Kazakhstan and the chairman of government: HOW CAN I LEGALLY BUILD MYSELF A HOME?

[Loriya] Upon joining the staff of the oblast administration, you didn't pick up a broom and begin enthusiastically "sweeping out" your associates. Why? Do they all think as you do, and do they not hinder your work? Do you feel any kind of resistance or interference from the administrative staff? This is essentially not your staff, but that of your predecessor, Sh. Kulmakhonov.

[Pachin] Why isn't it my staff? That's nonsense—it's mine. This practice of "cleaning house" doesn't do anyone any good. There aren't of course any ideal associates. But there aren't any absolute idiots either. You simply need to find the right approach to each person, and create an atmosphere in which he would work well. You can shuffle the same people around in such a way that they will begin working very productively, come to work with eager anticipation, and do the work quite well even in the absence of superior capabilities. Or you could take a genius and make a complete idiot out of him, so that he couldn't do anything creative. I'm skeptical of the stereotype according to which I am obligated to change the team. This was thought up by people who had nothing better to do. My job is not to pick a team, but to create one. You might think I'm exaggerating, but to be honest, if I were to take you, Georgiy, on as my first deputy, believe me, in a year or two you won't find a better first deputy in Kazakhstan. I could do this despite the fact that you're not a specialist. It's simply that over a couple of years, were I to make it my goal, I could turn you into one. It all depends on whether or not the individual wants to learn. I remember a time at Selmarsh when we started raising geese. I'm of course not a bird breeder, but I became interested in this



as soon as we made it our business. I took a pile of books on goose raising out of the library, and read them in the evenings instead of novels. Now I know what has to be done: the temperature at which the birds should lay eggs, and where the eggs should be stored. I am personally able to become a specialist in any area I choose. And so, I make my team into what I want it to be.

[Loriya] The impression is created that you aren't much on courtly bureaucratic etiquette. Is it because you don't have the time to learn? Or is it that you don't want to? Or do you feel that this kind of etiquette doesn't exist at all? One senses from you right away that you haven't been schooled in party-Komsomol work—you don't have the habits seen in former functionaries, even many years after they retire from their positions.

[Pachin] I never studied etiquette, and I don't want to. I don't like having to live by arbitrary rules. Although I'm not bothered by people who have become accustomed to observing such etiquette, and they don't irritate me. It doesn't matter to me who enters my office first—a visiting reporter or the administration press secretary escorting him. When I enter the waiting room, the girls there come to their feet. This doesn't bother me, any more so than if they didn't get up. I'm absolutely indifferent to such ceremony. I feel in this case that such "etiquette" has negative properties, because ceremony makes people feel constrained, and constraint doesn't do the work any good. It would be desirable for my associates to speak with me sincerely and openly, since otherwise I would be poorly informed.

[Loriya] Are you certain that information on the state of affairs in the oblast reaches you without distortion?

[Pachin] Not at all. On the contrary, I'm convinced that it comes to me distorted. It all has to do with the level of distortion, and with my reaction. If I naively suppose that the information that comes to me is absolutely correct, and don't adjust my actions accordingly, I will fail. All information needs to be compared and verified. But many things are understandable even without any information. If I drive up to the entrance of an enterprise and see that its doors are installed evenly, and they are clean, or they are askew and dirty, I can tell 90 percent of the time what is happening inside.

[17 Nov 94 p 5]

[FBIS Translated Text] [Loriya] The Aktyubinskneft Association wound up on the list of potential bankruptcies. Who is to blame for this? Isn't it the state itself, which allowed such a large state enterprise to become so indebted? After all, oil is one of those resources by which Kazakhstan intends to build its shiny future. And if the oilmen themselves suddenly go bankrupt, wouldn't this be a consequence of the state's short-sightedness?

Or could it be that all of this is being done on purpose? Could it be that someone might benefit by creating greater difficulties for the oilmen, by declaring the organization

bankrupt, quietly buying it up, and taking it over? In such a case it is even terrifying to think how deeply the roots of this descend: Such a game is simply beyond a common street racketeer!

[Pachin] Aktyubinskneft is not bankrupt—the figures I have are completely accurate. There's a recently drafted document titled "Information on the Debit and Credit Indebtedness of the Oblast's Enterprises and Organizations." Our oilmen are in fact 1,493,000,000 tenges in debt. On the other hand customers owe them 1,686,000,000. Such that this isn't bankruptcy. And as for oil wells in private hands, I have my own ideas in this regard, but this is a subject of separate, considerable discussion.

[Loriya] For a long time you were an enterprise director, and I don't doubt that you were close and friendly with many other directors. Are they providing any help to you—"as among friends"? Or vice versa? Do you exchange continual requests and advice—once again "among friends"? Did your mutual relations with any of them spoil after you became the head (it's not necessary to name any names)?

[Pachin] In principle my relations with them have remained normal, and even friendly. It's sometimes simply strange when they begin talking to me in official tones because of my present position; it's they who try to create a distance between us. I on my part try not to push them away, because I feel that they could be sitting in my chair just as well, and managing the oblast's affairs quite normally. Naturally I go to them for advice when I have problems. Recently I called one good rural executive and asked him: "Do you think I should change the style of my behavior, and at least sometimes pound the table with my fist in front of unconscientious workers?" He replied: "But why? It won't make them any wiser, and your hand would only hurt." When I meet with directors I compare the information I receive from them, and the comparison permits me to draw a rather realistic picture of what is happening. Sometimes they come to me at my invitation, and they don't understand what it is I want of them. All I want is simply to communicate, to listen, to learn how things are going—that's what pleases me. And then I can make some kind of decisions on the basis of such interviews.

[Loriya] Having spent a year in your position as head, have you become wiser? More cunning? More inventive? More cautious? More patient, or, on the contrary, less patient? Meaner? Kinder? Have you changed?

[Pachin] I think I've become kinder. And perhaps a little more nervous. But at any rate, kinder. At the risk of sounding high-hatted, I must say that I have seen much human suffering, and it disturbs me, and perhaps this is precisely what makes me kinder. And more nervous, inasmuch as I can't change the situation for the better as quickly as I would want to.

[Loriya] Do you find that there are many more constraints upon you, that there are many things you can't do? Or has nothing changed?

[Pachin] There are more, of course, since after all, I'm always in the public eye. And this is a very heavy burden. Though in general, I haven't changed my way of life in any way. I walk to work, I go to the store without an escort, and I drive to the market with my wife in our own car. I love to drive. This doesn't mean that I've turned into some kind saint, but I do have to be especially careful. After all, I repeat, I sense that I'm always in the public eye. I'm not talking just about people I don't know: I also see certain changes even in people who are very close to me.

[Loriya] Could you give yourself any assurances that you aren't being shepherded by our special services? Are you certain of the absence of "bugs"?

[Pachin] I'm not at all certain. I think that I am being "shepherded." But for God's sake, let them tend me, I've nothing to fear or to be embarrassed about. By the way, I myself put the same question to executives of the corresponding bodies. They were taken aback: "Oh, come now, Saveliy Timofeyevich!" Perhaps this isn't something that should get into the papers, since competent agencies might decide that I don't trust them. Oh, well, go ahead and put it on the record!

[Loriya] You remain as the head of the Aktyubinsk-Selmash Joint-Stock Company. Pachin of course doesn't receive any pay for this—that would be against the law. But what about dividends—do you not receive those either?

[Pachin] I have a right to them, but I haven't received any yet. In my opinion there once was a small amount. Selmash is now undergoing reorganization, and it is experiencing a complex economic period. But in 1995 my hope is that things will progress, and then I could really count on some dividends.

[Loriya] It's hard to believe that by remaining as the head of the stockholders, Pachin isn't burning with a desire to make things better for his own enterprise. Or could that be believed? And one other thing. Specialists assert that Selmash has hiked its prices up way too high for its "jeeps."

[Pachin] I of course want to help Selmash. It would be out of the ordinary if I didn't. But I try to remain objective in relation to everyone. I think that there is no enterprise that could reproach me for relating to it improperly somehow.

As far as the "jeeps" are concerned, the government, which promised a loan for this project, unfortunately hasn't issued one. Though of course it didn't say "no" either. When the Cabinet of Ministers issues credit and when Selmash puts this equipment into production, the price of cross-country vehicles will naturally fall abruptly. Consider that laws have been adopted and new

ones are being written to make taxes greater on imported products, as is done in all countries. And when all of these documents go to work at full strength, a "jeep" of a similar class assembled in the USA will cost a minimum of twice more to the customer. This is why I am setting up Aktyubinsk enterprises for a diversity of production operations—telephones, motor vehicles and so on. After all, everything we produce here will be much cheaper due to customs and taxes. Moreover this will create additional jobs.

[Loriya] Do you care that people talk about you, who talks about you, and what they say?

[Pachin] It would be naive to assert that I don't. But naturally I perceive the evaluations made by different people differently. The evaluation I receive from people I respect is all the more joyful or all the more saddening. An evaluation is important chiefly because if it is wrong in my estimation, this forces me to think, to analyze. But there are also people whose judgements of me are practically irrelevant.

[Loriya] Do you agree with the opinion that Pachin is a good businessman, but not a very good politician?

[Pachin] No, I don't. People simply don't always understand what a politician is.

[Loriya] You've asked doctors and educators to fend for themselves, rather than promising additional money for them.

[Pachin] Now that's what politics is. I feel that I said the right thing. Let's consider the opposite situation, where I'm certain that they need to fend for themselves, but I tell them something different. This means that I'm lying, and sooner or later they will all realize this. I might win today by taking a popular position, but tomorrow I will lose tenfold. The most correct policy is one of truth. I feel certain that those doctors and teachers whom I've encouraged to establish paid public health and education will remember me later on with kind words, because upon learning how to fend for themselves, they will be successful.

[Loriya] Why is there a special tax in favor of transporters and no tax in favor of medical personnel? Such a tax could be a first step on the road to insured health care. Are you saying that we need transportation more than we need health?

[Pachin] This is a question that you need to address to the Supreme Soviet. The parliament may decide to collect local taxes in favor of public health as well, but in the long run, this is not a solution. There are two ways to make medicine productive. One is for everything in the state to become good, for all industry to work normally, and then tax revenues will grow. Then there will be a lot of money in the budget. The Supreme Soviet would take what it needed for health care, and no one would be sorry for it. In any case you could hardly find a person today who would say that health care doesn't need money. The

fact that this money simply is not be had is another matter. Consequently it will be logical to consider other variants—intermediate, alternative. I always say that there is a certain amount of money for public health, and this is precisely the amount we have to work with, plus whatever paid services that can be introduced. Consider dentistry for example—although it's not cheap, the flow of patients is not waning. I am not suggesting that we reduce what is already in place—let's just introduce some parallel structures. We could decide to allocate to health care just as much as we used to (with regard for inflation), without decreasing it by a single percentage point. And let the deputies monitor the use of this money. But also give doctors the possibility to work for money, to render paid services. Unfortunately I feel that they don't want to listen to me. Why? First of all, not everyone has talent as an organizer, though that's not the main thing. The main reason is laziness, because as soon as any doctor opts for paid treatment, he will have to work for his money—he won't be able to sit around and read books at work.

People resist what I propose, but time will put everything in its place. My optimism is raised by what is happening in the educational system. Many parents no longer want to send their children to free schools, and they are requesting their enrollment in paid schools—the quality of education is better there. Doesn't that say something? The same is also happening in public health. This is something the entire world has. And we need to set up insured health care not in the way being proposed—with fees collected from enterprises. I must pull MY OWN money out of my pocket, and insure myself. The world has already tested such a system out, and we needn't reinvent the wheel. Of course, not everyone wants to work, and not everyone likes my position. Well, what can I say? They have their position, and I have mine.

[Loriya] Have you heard the rumor that the mafia in Kazakhstan is beginning to get its hands into large enterprises, quietly taking command of product distribution?

[Pachin] No, information of this kind hasn't reached me. I don't know of any mafia other than that engaging in run-of-the-mill thievery. I believe that what you're asking about is fabrication, people are always coming up with such nonsense.

[Loriya] Can it be said that you are a confirmed capitalist?

[Pachin] I would put it a different way: a confirmed socially oriented capitalist. If capitalism is oriented on a better life for people, then yes. If capitalism is developed for the sake of making some people richer and keeping the rest poor, then no, I can't accept that kind of capitalism.

[Loriya] Do you see capitalism as a political or an economic category?

[Pachin] More likely an economic one. In principle, systems of this sort are all the same. The American one is very attractive. There, everything is oriented on people having good jobs and necessarily living well. It doesn't matter what kind of jobs these are, whether people make toys or clean toilets: What is valued is doing your best, no matter what you do. In this approach I see a kind of democracy that is appealing to me.

[Loriya] Do you ever think about your time in the CPSU?

[Pachin] Yes, I do, but without tears, without shame. And in general, I have always joined public organizations reluctantly. For example I never was a Pioneer, because I believed very strongly in God from childhood, and I never went to bed or sat down for a meal without saying a prayer. This was in the postwar era, in the remote countryside. When we moved to the city and I entered fifth grade, my family got to worrying: What was I to do? After all, all of my classmates went to school wearing Pioneer scarves, and I didn't have one. After thinking it over, my older sister did a very wise thing. She went to the store, bought a scarf, tied it around my neck, and I went to school wearing it. In the first days I was greatly troubled by this—after all, we were taught to be honest. But later on, my doubts disappeared.

I didn't join the Komsomol while in school either, although I did go to a construction project in Siberia on the basis of a Komsomol pass. I joined later on, when I saw that what they did in the Komsomol differed from what they said. I wanted to show that there need not be a difference between words and deeds. And I became a CPSU member because when I was in the army, I met an outstanding individual, a deputy commander for political affairs. He made a tremendous impression on me with his diligence, conscientiousness and attitude toward work. What I saw in him inspired me, though prior to this I never intended to join the party. I submitted my application. They wrote an excellent recommendation for me in the army, and it was even read aloud at the time of my admission into the party at the Moscow institute.

On becoming a communist I caused a great deal of unpleasantness for my professors, because I spoke at every party meeting and sharply criticized the decisions of higher bodies. I learned such directness from my army deputy commander for political affairs. I disliked the general promises that obliged no one to do anything. I criticized them, and I was always a thorn in someone's side.

[Loriya] You spoke of a child's faith in God. What happened, did it disappear later on?

[Pachin] It's not that my faith went away.... It was simply that back then, all of this was thought to be irregular, and a believer constantly experienced psychological discomfort, which was a considerable burden. My mother was a wise woman, she believed in God to the end of her days, but she recommended that I didn't get too involved with it all—otherwise, she said, life would be hard for me.



**Yesenberlin on Economy, Privatization**

954F0371A Almaty PANORAMA in Russian  
No 45, 19 Nov 94 p 3

[Interview with Kozy-Korpesh Yesenberlin, chairman of the State Committee for State Property, by Nikolay Drozd; place and date not given: "I Am Prepared To Cooperate With Any Team That Undertakes Privatization"]

[FBIS Translated Text] Kozy-Korpesh Yesenberlin responds to PANORAMA's questions.

[Drozd] You were, perhaps, the first Kazakhstani entrepreneur to make a foray into power. How successful was this experience?

[Yesenberlin] The foray into power was very difficult for me. This was an entirely new field of activity. I acquired in a short space of time (four months) certain practical and administrative experience and gained new knowledge of the actual economic situation. I got details concerning the mechanism of the functioning of publicly owned stock companies, national stock companies, the most important plants, and other industrial enterprises. The four months of training in government proved very useful for me. Whether they were just as useful for the government is another matter. It is not for me to judge. It is altogether very difficult doing anything practical in so short a time. It seems to me that many of our initiatives in privatization are developing. I have gotten to know a little more of what constitutes state officials. They have their own philosophy of life, their own particular, inimitable world outlook. There are many honest and dedicated people among them, and the main thing is to keep hold of these. Ministers come and go, but the backbone of the machinery of state remains, and the further fortunes of the reforms and the fortunes of our country will depend on the extent to which honest and dedicated government officials preserve their influence.

[Drozd] Were you perceived in the government as the plenipotentiary of the new economics? What was the attitude toward you of your colleagues?

[Yesenberlin] I sensed that with many people in the government we were speaking a different language. And I was of no interest to many members of the Cabinet. A team of the like-minded was simply never formed in the old government, although the level of professionalism of the majority of its members was quite high: It would be fine were this to be the case with the new government. It is essential that members of the Cabinet find mutual understanding and create a confidential atmosphere for work and the detailed discussion of problems.

[Drozd] How significantly real is the influence exerted by the entrepreneurs on the decisions adopted by the government?

[Yesenberlin] It is undoubtedly growing with every passing year. Whereas two years ago no one consulted anyone, now many problems are being discussed with

the entrepreneurial structures also. The influence not only of political parties but also of financial and industrial groupings will shortly be perceived in the activity of the government increasingly clearly. And I see no harm in this. The importance of this structure or the other in the economy should be reflected in the decisions adopted in the state.

[Drozd] Kozy-Korpesh Ilyasovich, the slowdown and winding up of the privatization process are linked with your departure. Is this right?

[Yesenberlin] This is important-sounding. I took a number of steps to impart a general nature to privatization: Restrictions on the acquisition of a controlling block of shares and on the participation in privatization of foreigners and a number of other restrictions were lifted. The charge for the rental of premises in Almaty was increased on my initiative. The main point of my program was that privatization needed to be undertaken as quickly as possible, with the publication of the lists of the enterprises to be privatized, deviations here being forbidden. Privatization policy will not change following my departure, I believe. It will, possibly, proceed even more quickly. These hopes are based on the fact that the State Property Committee is headed by a professional. Mr. Kalmurzayev has worked under the three previous chairmen and has acquired considerable experience and knowledge. And if he is sufficiently decisive, he will, most likely, be the best of all the leaders of this department.

[Drozd] What changes, in your opinion, should be made to the progress of privatization, for all that?

[Yesenberlin] Several of the problems that could not have been seen at the start of the path are already being resolved or will be resolved. The main one, perhaps, is that we need to act swiftly and decisively.... This I was unable to do. I try to learn everything in as much detail as possible and to study it and then act. I did not have the time here. I never expected that it would be so short. Doing everything that I wanted to do was impossible in four months.

[Drozd] When was the idea for the formation of the Asia Leasing company born, and what are its prospects?

[Yesenberlin] This idea was born when I had just begun my business, but the economic situation did not at that time correspond, as they say. Six months ago I put a detailed concept to the government and requested support. Now this idea will, I believe, be developed. National industry's need for such projects is very considerable.

[Drozd] How do you evaluate the economic situation in the country and the prospects of the new government?

[Yesenberlin] The economic situation is deteriorating: the arrears, the lack of demand for products, the obsolete technology, the price leap-frogging, the onerous tax burden. All this dictates the need for decisive action. New legislation, a new tax code, and an enterprise act are needed. Legislation in the sphere of privatization and denationalization and in the sphere of customs duty is in need of revision. The laws must correspond to the fundamentally different economic situation and the new relations in the property sphere. Today all money goes into cash turnover. Tens of thousands of shuttle travelers are importing far more merchandise than all companies put together. Instead of taxes, bribes at the customs houses. Many entrepreneurs are refusing to open accounts in local banks—all profit is being drained overseas. If only part of this money could be invested in Kazakhstan, the situation would be different. This is a most important problem.

In order to create new production capacity, long-term credit is needed. Credit is needed for the creation of industries that could both satisfy domestic requirements and work for exports. This is of the utmost importance. I believe that in terms neither of credit nor pay can we blindly follow even the theoretically sound recommendations of the IMF. It is essential in the current situation to step back from the demands of the IMF, even at the price of an increase in the budget deficit. There should be an increase in real personal income, and the government decree on limiting this is anti-market. It is essential to reverse this decision, and as soon as possible. It seems to me that, having received an addition to its pay, the population would not be rushing to purchase dollars but would buy basic essentials, stimulating the domestic producer.

[Drozd] Would you be prepared to return to the system of the executive were you to receive such an offer?

[Yesenberlin] I am not accustomed to abandoning things halfway, but it was not my fault that my time in the government proved too short. Privatization has become a part of my life, and I am keeping a very close watch on all that is happening in this sphere. A multitude of problems remains unresolved, and I am prepared to cooperate with any team that undertakes privatization.

#### **Kazakhstankaspiyshelf Strategy Planned**

954K0360A Almaty PANORAMA in Russian  
No 44, 12 Nov 94 p 11

[Article by "V. N.": "Strategic Plan for Developing the Kazakhstankaspiyshelf Company Has Been Developed"]

[FBIS Translated Text] Last year the Kazakhstankaspiyshelf State Company (GKKKSh) began operating in Kazakhstan. At the present time the company is carrying out a series of geological-prospecting and ecological operations on the Caspian Sea shelf. On 8 November there was a presentation of the Strategic Plan For Developing Kazakhstankaspiyshelf. Persons at the presentation included representatives of

western companies with representations in Almaty, managers of banks and ministries, representatives of embassies, and Supreme Soviet deputies.

Addressing those present, Kazakhstankaspiyshelf president Baltabek Kuandykov said, "Even before completing the negotiations concerning the creation of the consortium, we began preparing a strategic plan for development. We invited the John Brown and Price Waterhouse companies to cooperate. During 1994 our specialists and experts from those two companies prepared a document for the strategy and development of GKKKSh.

"Today we want to acquaint western and Kazakhstan specialists with our point of view concerning the development of the maritime petroleum-gas branch in Kazakhstan. We also want to listen to recommendations and comments in order to take them into consideration in our further work. Our basic goal is the successful development of the petroleum deposits in the Kazakhstan sector of the Caspian Sea. One of the conditions for achieving that goal is the support provided by the RK [Republic of Kazakhstan] government, although the state company has not received a single *tenge* from the republic budget and presumably will not receive any economic support in the future. But in order to attract foreign investments it is necessary to carry out a well-coordinated privatization plan. Only in this instance is it possible to form a stable financial base."

In addition to resolving production problems, it is necessary to organize the instruction and retraining of specialists. The next stage in the development program will be the creation of a program for protecting the environment, since the sector where the operations are being conducted is ecologically the most vulnerable one. The fulfillment of all tasks, in Mr. Kuandykov's opinion, will lead to the development of the petroleum-producing capacities.

The next person to speak was Don Parker, chief project manager of the John Brown Company, and the head of the group for preparing the strategic plan. He discussed the directions to be taken to develop the production capacities at sea and to develop the infrastructure on land, and answered questions concerning the ecology and personnel training.

Christian Siegel, director of project financing at the John Brown firm, informed those present of the financial strategy of Kazakhstankaspiyshelf, concerning the deadlines by which the financing of the project would be carried out, and the financing methods.

Yedege Nurkhydarov, company vice-president for finance, also spoke at the presentation. He discussed the method by which the company leadership thought the company should be converted to a joint-stock company and privatized.

In conclusion Baltabek Kuandykov expressed the opinion that the development of the branch largely depends upon Kazakhstan's legislative base, and also invited the cooperation of western petroleum companies, which could make certain corrections to the GKKKSh strategic plan.

**Growing Housing Shortage, Costs Examined**

954K0349A Almaty EKSPRESS-K in Russian  
10 Nov 94 p 3

[Article by Larisa Chernenko: "One Square Meter of Dwelling Space in the Capital Costs 15,000 Tenge Today"]

[FBIS Translated Text] Almaty. During nine months of 1994, only 27 people out of the 56,104 who needed them moved into new apartments, and 25 of them were privileged persons.... And here is another bit of "old" news: Effective in the new year, the waiting lists for housing will no longer exist.

*The arithmetic is too simple... Two apartments for an overall waiting list of several tens of thousands are a drop in the bucket and will do nothing to solve the problem of housing for the city's residents. During the past two or three years, there has been a sharp reduction of the introduction of housing not only in Almaty but throughout the whole republic. During nine months of this year, 126,500 square meters of housing have been introduced instead of the planned 270,000. This is 73.6 percent of last year's level. (With a more stable economic situation, up to 600 square meters [as published] of housing alone were introduced, and to this must be added five to six schools, 10 kindergartens, and one or two polyclinics). Now, as I was assured in the state administration and the housing department, it is mainly only large and wealthy organizations and enterprises that have money.*

As of today, the breakdown of the applicants is as follows: 25,974 are included on the lists in the rayon administrations, 28,160—in organizations, and 1,970—in housing construction cooperatives. If the cooperative members and construction organizations have some hope of obtaining housing in the distant future, those waiting for it from the state, alas, do not. In the words of the deputy chief of the housing department, Tanata Tamenova, housing construction is now disadvantageous to the state, it involves too much overhead. And one should not be surprised that the lists in the administrations are at a standstill, and, one can say, forever—the city budget is completely empty.

But that is still not all. If fortune has suddenly smiled on you and the master has granted you the apartment you have desired so much, strange as it may be, you still will not finally receive your heart's desire. Because there is an immense "distance" between the time you receive the order and the time you move in. Mainly a temporal one. Today, the orders are being written out for the happy recipients just as soon as the framework of the building appears on the horizon. In this way, naturally, certain goals are pursued. One can assume that this is being done mostly in order to report more quickly to the "higher-ups" about the square meters of housing that have been released. Perhaps there are also other, weightier, reasons. But the fact remains: The people will still wait for more than a year (!) for that happy moment

when they move in, which was promised by the authors of the orders in the best case three months and a maximum of a half year.

This information is not given based on bare "enthusiasm": The EKSPRESS-K information service has the exact addresses of such housing examples.

As they say, congratulations on your new home!

A paradoxical situation has developed as of the present day: The construction of housing costs more today than it will be possible to sell it for later. For example, an organization builds a building which, as they say, gets it into financial trouble. Then, in order somehow to recoup some of its costs, it sells some of the apartments. But, even if it sells all of the apartments, it still will not recoup its costs. One square meter costs 15,000 tenge today (according to data from the city administration). A two-room apartment with an area of 56 square meters will, thus, cost 840,000 tenge.

But, tell me where a simple mortal is supposed to get that kind of money?! And it would be much cheaper to buy the same apartment from a stranger.

Such an increase in cost is occurring because of a great increase in the cost of the technical conditions (connecting the building to the water line, the gas line, the electricity network), which amounts to about 40 percent of the overall cost per square meter. Sad as it may be, of the 46.5 million tenge promised for housing construction this year, the city administration has received only 1.5 million, roughly enough for one and a half to two apartments(!).

There used to be such a category as released housing, when the people left or obtained another apartment and they turned the one they moved out of over to the state. But, since 1992, when, in compliance with the state program for destatization and privatization the process of privatization of housing became active, the housing supply cannot be supplemented from this category. During the period beginning in 1990, when privatization of housing actually began (the president's edict on non-reimbursable transfer of apartments to participants and individuals disabled in the Great Patriotic War), 219,020 apartments have been sold or their ownership has been transferred, which makes up 87 percent of the entire housing supply (about 250,000 apartments). That is, privatization of housing in Almaty has already practically come to an end. The remaining 13 percent includes housing that is not subject to privatization (official housing, housing about to be torn down, that is located in preserve zones, and declared to be state property). Now, when he leaves, the owner of an apartment does not turn it over to the state but sells it to a private individual. In the event of the death of the owner of an apartment, it is inherited by the relatives.

Taking all these problems into account, the president issued an edict on the state housing policy, from which it is clear that the construction and maintenance of the housing



supply must be shifted to a nonsubsidized system, as is done throughout the civilized world. To put it simply, effective 1 January 1995, all the waiting lists for housing will quietly and peacefully...cease to exist. Thus, the state is washing its hands of the matter and transferring its burden to the citizens. If you want to live in a nice apartment—earn the money and buy one. If you want to build your own home—take out a loan from the bank and build it! Incidentally, this is why the Zhilstroybank was created; its basic activity is investment in housing and finding credit resources for it. It grants loans for 30 years with one condition—that they be repaid. That is, there must be a guarantee that in 30 years the person will return it: the total family income, its composition, and their ability to work are taken into account. The formation of such a bank is a good undertaking, and the possibility of obtaining a loan to build the kind of home one wants is too. But nobody guarantees that your wishes will coincide with the bank's capabilities, since everything depends on those same credit resources: There is no money, and that is all there is to it! And when will it find it—that is the big question. With the hubbub over the new campaign that was beginning, many were still able to acquire plots of land (while having an apartment) but they still do not intend to build: As they say—I do not need it but I will not give it to anybody else. It is sometimes even worse: Enterprising "landowners" are beginning to speculate in acquired plots of land. With every innovation, as always, there are new headaches.

True, the state will still be involved in building. Municipal housing is being assigned to socially vulnerable segments of the population: participants and disabled persons of the Great Patriotic War, disabled persons of various categories, and citizens who are incapacitated for various reasons. Incidentally, the Almaty administration plans during 1995 to provide housing for all remaining participants and disabled persons from the Great Patriotic War, and there are 2,641 of them left, which means 118,000 square meters of housing.

It is good, of course, to approach the civilized world at least in some way, and then, when meeting an unexpected foreign guest, one can proudly say: "Things here are just as they are in your country!" We still have to catch up with those capitalists in all other respects. As it is, it is not just apartments that are rare delicacies, and even they are beyond our means.

#### **Alaugaz Chief on Gas Exploitation, Supply**

954K0337A Almaty KAZAKHSTANSKAYA PRAVDA  
in Russian 10 Nov 94 pp 1-2

[Interview with K. Shotbakov, president of the Zhambyl joint-stock society Alaugaz, by KAZAKHSTANSKAYA PRAVDA correspondents Gennadiy Dildyayev and Vyacheslav Lebedev under the rubric "Opinion"; place and date not given: "Cheap Gas—Is It Not for Us?"]

[FBIS Translated Text] South Kazakhstan is looking at approaching winter with a great deal of anxiety: There are

persistent rumors that deliveries of natural gas from Uzbekistan, which fully supplies three oblasts—South Kazakhstan, Zhambyl, and Almaty, including the republic capital—will be cut off any day. These rumors are exacerbated by scuttlebutt—far from idle—that Kazakhstan's entire gas sector is about to be reorganized and the gas industry's price policy substantially toughened. Our correspondents talked on this subject with K. Shotbakov, president of the Zhambyl joint-stock society Alaugaz, whose viewpoint we find interesting.

[KAZAKHSTANSKAYA PRAVDA] So, Kayrat Kasyrovich, are we going to have gas?

[Shotbakov] Without doubt. Do not believe the rumors of neighbors' evil intentions. The intergovernment agreement between Uzbekistan and Kazakhstan is well and alive. I personally was present at the latest meeting, on 24 August. At that meeting the parties agreed that there will be no problems with "blue fuel" deliveries to Kazakhstan at least until 1 January 1995. The irreducible minimum, which our side determined to be 1.5 billion cubic meters (for three oblasts), will necessarily be delivered by the neighboring republic. It is backed up by a clearing agreement that envisages equivalent exchange of goods.

About structural changes... This is constantly in the air, although it is unlikely that the uninitiated know what specifically the Kazakhgaz company, the Alaugaz state holding company, and Zhetysugaz state enterprise do and what is the realm of their responsibilities. Is the current structure the best? Quite possibly, and almost for certain, there is room for improvement, because the latter, as is known, is limitless. At the same time, such a structural unit as Alaugaz already has a more than 30-year history and extensive experience gained over these decades of quite normal, effective operation.

Regardless of what we were called: a concern, and before that the Ministry of Gasification and Fuels, and before that Kazglavgaz, and still earlier—Goskomgaz, our quintessence has not changed, as well as the fact that having become a joint-stock company we have not ceased being a state enterprise. The state owns 90 percent of our stock.

Compared to us, the Kazakhgaz company is very young—it came into existence together with sovereign Kazakhstan. The Tashkent-Almaty pipeline, on the other hand, had been in the past in the jurisdiction of our Uzbek colleagues who, just like us, had been all their life subordinated to the USSR Ministry of Gas Industry. When the division of all-union property began, our neighbors organized their gas industry; theirs is more powerful than ours—on the basis of our own gas fields and an extensive network of main pipelines. The "divorce" produced another baby of sovereignization—the Zhetysugaz state enterprise, which resides in the capital—the final point of the main pipeline from the Uzbek border. Naturally, for this reason it is the owner of the pipeline, our main supplier, which carries out interaction with the Uzbek side.

Such is the structure. Established, time-tested. By the way, the gas industry in Russia, as well as in many developed countries, is organized and functions the same way. I mean a system whereby production and processing are under one jurisdiction, the main line—under another, and distribution networks—the third.

This is convenient, for instance, because this always gives the local authorities the ability to control distribution of gas in the oblasts, since presumably this authority is aware of its responsibility for the level of supply to the population and all entities engaged in the production sphere.

[KAZAKHSTANSKAYA PRAVDA] We will come back to the viability of structure of your production in our conversation; right now let us try to figure out the main point: How is the price of gas formed?

[Shotbakov] To our great regret, because of the current price policy we have been incurring tremendous losses for a long time. We buy fuel from Zhetysugaz at one price and sell it to the population at a different—much lower—one. There are no apparent reasons to blame the pipeline owner—you cannot bargain much with Uzbek sellers. Until recently—to be precise, until 1 September of this year—the gas coming from the other side cost \$80 per 1,000 cubic meters. This, by the way, is the highest price in the world. Zhetysugaz adds an additional dollar surcharge to it, plus a part for the pipeline maintenance. This nearly undermined our financial health.

It turned out, though, that we were not ready to die. Beginning 1 September, the cost per 1,000 cubic meters was reduced by \$25 and set at \$55. The governments of the two countries once again were able to reach an understanding. We are neighbors, after all... As soon as we breathed a sigh of relief, we got a terrible blow below the belt. It does indeed leave you breathless: The republic Committee for Price and Antitrust policy—apparently having taken into account Zhetysugaz' earlier costs—set the price for us at 5,000 tenge per 1,000 cubic meters. This is almost \$100. And naturally, too much. We are vigorously objecting and are puzzled: In keeping with the latest government decree, our prices are set by the local administration, its head. But since our arguments are not being heard in the capital, we are forced to look for other suppliers, and we are not making a secret of it. And they do exist and are offering their services, which reduces Zhetysugaz' functions to transportation only. We are willing to pay for it at world prices—\$1.50 for transporting 1,000 cubic meters over 100 kilometers. There is nothing unusual in it: the Karatau holding company, for instance, utilizes the same scheme; they found cheaper gas and now have only one problem—to reach an agreement on its transportation with Zhetysugaz. Losing a monopolistic standing, emergence of competition are normal market realities...

The current situation is strange and utterly convoluted. We are practically at a loss: We cannot figure out at what price we should sell the gas. There are endless negotiations, and since no one wants to go under, no one wants

to give in. Meanwhile, the famous brokerage firm Tabrok offers us: We have the fuel that is considerably cheaper, take it... And if they strike an agreement with Zhetysugaz on transportation, we will take it. As we did before. By the way, currently, due to the fact that the bulk of the "blue fuel" is sold through middlemen, the price of gas for the population in our southern region is the lowest here, in Zhambyl. Capital city residents pay 760 tenge per 1,000 cubic meters; Shymkent residents pay more than 1,000 tenge, and Zhambyl residents—660. Convincing?

[KAZAKHSTANSKAYA PRAVDA] Yes, quite so. Let us try, Kayrat Kasymovich, to tie our conversation with the republic government's announcement of an international tender for the development of gas fields in Zhambyl Oblast.

[Shotbakov] Yes, it is possible that in the not too distant future our oblast will be completely self-sufficient with respect to natural gas. It is also realistic that it will be able to become an exporter of the precious hydrocarbon, with all subsequent pleasant consequences for the oblast budget.

My optimistic forecasts are based on the calculations made by geological prospectors, who discovered a number of promising gas deposits on the oblast territory, where the gas, even without additional processing, is superior to Uzbek gas in many respects. All project work is completed, including for the largest, Amangeldy, gas field. The republic Cabinet of Ministers has set a concrete time frame for the development of our gas fields; foreign investment will be actively solicited for the project implementation. This work took a lot of time and effort on our part. We have been working on it for about three years. By now all specialists agree with us; the Ministry of Geology, the government, and the president support us. This will be very cheap gas for our own, mainly internal, so to say, consumption. The emergence of the gas industry in the republic south will free us from dependence on Uzbekistan, which under any circumstances dictates its prices to us.

[KAZAKHSTANSKAYA PRAVDA] Now we are back on this subject...

[Shotbakov] Well, we cannot avoid it. You see, it is unlikely that in the near future we will be able to receive fuel from West Kazakhstan—Karachaganak has its own difficulties. When we have our own gas, the partners will start thinking about working with us on terms maximally profitable for us. In the future, this means exporting gas to the neighboring Kyrgyzstan; we will become the closest supplier to the republic that has cheap electric power from the Naryn mountain cascades. I believe there will be enough gas to sell it to China as well.

In short, there had been, is, and will be gas for our south. No matter what. I am an optimist, and I believe that one can always find a sensible solution as long as we do not forget common sense. If we continue our "friendship" with Zhetysugaz, we will have to pay off our debts at the

cost of plants and factories, which means only one thing—completely finishing off the already withering infrastructure of the formerly mighty Karatau-Dzhambul territorial production complex. And this is at a time when the industry, which needs to rise in the new market conditions, which wants to survive in these conditions, needs sharply lower prices for fuels, including, of course, gas. All right, so we offer to our many-suffered former "big chemistry" fuel at world, or higher, prices. This will make its output completely and irreversibly uncompetitive.

We cannot do without middlemen such as Tabrok—this much is clear. There is search for more affordable gas in Almaty, Shymkent, and other cities. Some already got lucky; others keep searching. Zhetyugaz has to accept it as a given. This is an option that should be recognized as acceptable for everyone.

[KAZAKHSTANSKAYA PRAVDA] Let us go back to future structural changes in your gas industry. To destroy is easier than to build—this is clear; however, is what is in store for you all that bad?

[Shotbakov] It became so difficult to defend your viewpoint these days, to prove that you are right... Everybody now has his own truth, and everybody defends it. All this talk about inexpediency of existence of such structural part of the gas industry as oblast Alaugaz joint-stock companies—in their current form... if they are implemented in concrete actions, it may lead to irreparable consequences in designing new structures. Take the Committee on Prices and Antitrust Policy—there are new people there now, competent specialists without doubt, but they do not know perhaps all the specifics of our industry and may break something that absolutely should not be broken. It may even happen, for instance (and this is not because I, shall we put it this way, like the oblast head less than our dear government—we have to be realistic, I understand it) that oblast gas enterprises will be broken up and transferred under the jurisdiction of local administrations, to which I categorically object.

[KAZAKHSTANSKAYA PRAVDA] Why?

[Shotbakov] When an oblast head has 1,001 unresolved problems, does he need one more? It is clear what the final result will be. The organization coordinating our actions in Almaty must be preserved. The government must be on top of our affairs and follow them closely.

I think I already explained in sufficiently lay terms the origin of rumors alleging price manipulation and that very high gas prices profit someone very much. We do not want to understand that we are in a marketplace, and we too offer everything to our neighbors at world prices, or close to it, or at some equivalent exchange, and, therefore, gas sold to us is not cheap either. Although in the republic north, in Kostanay Oblast, the fuel supplied by Russia costs the consumer much less. So why, I ask, has the question never been raised in the republic about differentiated prices? In the south of Kazakhstan the

situation in this respect is much more difficult, because Uzbek gas is much more expensive than that from West Kazakhstan and what Russia offers to North Kazakhstan. The Kazakhgaz company, which buys gas from Russia, knows it very well. And, in their domestic market, Russian gas producers also sell their product to consumers at much lower prices. Here, however, our own state suppliers are trying to at least break even with the consumers. Everybody fights for their own survival...

I understand: We are talking about an extremely important main pipeline, a very strained segment—the capital, after all, and three industrial oblasts. Everything is correct: The pipeline must remain in the same hands; it cannot be divided into, for instance, three segments. Something horrible will happen: On the border with South Kazakhstan Oblast I will get nothing and will not give anything to others. We have already been through this. And, nevertheless, we can and have to find common ground, because we have one goal, one task. We already live in desperately difficult circumstances. Let us not multiply them. All this will do is create a mess, which is not a fair equivalent to the natural material around which this whole hoopla is going on.

#### **Atyrau Oil Refining Plant Reconstruction**

954K0358A Almaty PANORAMA in Russian  
No 44, 12 Nov 94 p 8

[Interview with Vladimir Serdyuk, deputy general director of the Atyrau Oil Refining Plant, by Muzafar Gabdullin; place and date not given: "Reconstruction of the Atyrau Oil Refining Plant Aimed at Obtaining Diesel Fuel That Meets World Standards"]

[FBIS Translated Text] As has been previously reported, a contract was signed with the French firm Hydrocarbon Engineering for reconstruction of sections of the Atyrau Oil Refining Plant. Specialists from France recently visited Atyrau. Vladimir Serdyuk, deputy general director of the plant, provided this commentary to PANORAMA.

[Serdyuk] In order for the contract to enter into force, agreement must be reached on reciprocal settlement accounting for work accomplished and equipment deliveries. The working document here is called the credit and finance agreement. This effort is presently in its finalization stage. After the credit terms are stipulated and payments made for design work and equipment deliveries, the contract enters into legal force. Nonetheless, preparatory work is already underway. It should be kept in mind that work on the engineering preparation of the future site must be completed prior to the start of construction. We must accomplish a number of measures that will enable us to protect the construction and operational portion of the plant from possible flooding from the Caspian Sea. The design provides for all of this. Negotiations are continuing on the purchase of technology. In particular, this summer our delegation, together with the design institute, conducted talks with



the American firm UOPI on the possible purchase of licenses for catalytic cracking and catalytic reforming. We believe we will have completed all the preparatory work by the time agreement is reached on the financial questions.

Entirely new technologies for the production of ecologically pure oil products—I am referring to motor vehicle gasolines, output of which will increase several times over—will result in ready production of over 2 million tonnes of high octane gasoline a year. In other words, motor vehicles will not be releasing lead into the air along with exhaust gases.

[Gabdullin] To what extent will the plant's capacity increase after the reconstruction?

[Serdyuk] The fact of the matter is that the entire reconstruction is aimed at increasing the capacity of the primary oil refining. But it must be kept in mind that we will be accomplishing a more thorough refining. Selection of the light oil products will be enhanced. If right now we are refining somewhere around 5 million tonnes a year, this fuel alternative will enable us to increase the quantity of high octane nonethylated substances. We will cover the demand for motor vehicle gasoline not just in western Kazakhstan, but throughout the republic.

The production of diesel fuel will also increase. It is the aim of plant reconstruction to obtain diesel fuel that meets world standards both with respect to content of certain compounds and hydrocarbon content. The production of dark oil products will sharply diminish. Some furnace fuel oil will go towards producing liquefied gas. Priority here will be given to obtaining the concentrated propylene required by the nearby Atyrau joint-stock company "Polypropylene." We will build a unit for obtaining propylene that has a capacity of 103,000 tonnes a year. A great deal will be accomplished in the field of environmental protection. It is our intent—and all this is noted in the plant reconstruction design—that production output be waste-free. Despite the fact that the capacity will increase, water consumption will be reduced threefold. This is also one of the ecological measures.

Equipment will arrive at the plant in the near future, and not just from France. Many countries of Europe and Asia will be participating in the equipment deliveries. Some equipment will be arriving from Japan, Great Britain, Germany, and Italy. In short, equipment will be coming from those places where the most economically efficient and ecologically waste-free equipment of modern times is operating. We must build an automated plant that will operate without accidents.

#### **Official on Pharmaceuticals Market Revival**

954K0385A *Almaty KAZAKHSTANSKAYA PRAVDA*  
in Russian 17 Nov 94 pp 1-2

[Interview with Azat Abdrakhmanov, chief of the main administration for control and standardization of pharmaceuticals and medical equipment of the republic

Ministry of Health Care, by KAZAKHSTANSKAYA PRAVDA correspondent Natalya Todorova; place and date not given: "The Pharmaceuticals Market Is Not a Test Site for Experiments"]

[FBIS Translated Text] There are spheres of society's life where we should tread with great caution, even with the most innovative ideas. One such "delicate" sphere is the pharmaceuticals market, that is, the supply of medicines for the Kazakhstan population. Government experiments in reorganizing the state system of supply, procurement, and distribution of medicines were a fiasco: The bulk of the population cannot afford medicines. And even preparations purchased at sky-high prices sometimes turn into sources of new problems—with the imports brought in by private individuals and even sometimes through state channels, a flood of untested and unsuitable for treatment medical preparations began flowing into the Kazakhstan market. By decision of the republic's State Committee for Antitrust Policy, the Farmatsiya state holding company [GKhK], which is in charge of these matters, is to be disbanded. How and in what form will the pharmaceuticals market be reborn in Kazakhstan? How to ensure for each citizen the constitutional right to safe, effective, and quality pharmacological help? These are the issues raised in our interview with Azat Abdrakhmanov, chief of the main administration for control and standardization of pharmaceuticals and medical equipment of the republic Ministry of Health Care.

[Abdrakhmanov] The numerous problems that currently exist in the supply of pharmaceuticals for the population stem first from the lack of a legislative normative base in the republic (we still do not have a law on pharmaceuticals); second, from unresolved organizational problems. Until recently there was a state monopoly on all this—the state decided on all matters of pharmaceuticals deliveries, purchase, and distribution, and subsidized the lion's share of their cost, and we citizens, paying just pennies for some or other preparation, never even gave a thought to its real cost.

With the development of the market this whole system broke up. The state began to allocate considerably less money for pharmaceuticals supply than before. Naturally, prices for the most vitally important preparations began to climb up. Apparently in an attempt to rectify the situation, the government decided to reorganize the system of pharmaceuticals supply. Sadly, nobody bothered to consult with the medical community: The decision on reorganization of the RPO [republic industrial association] Farmatsiya into a state holding company with the same name was made behind closed doors; we learned of it only after Cabinet of Ministers decree had already been published. The new Farmatsiya could no longer protect the interests of the state—it was built on market foundations. At the same time, it did not have its own money to purchase pharmaceuticals—the money was allocated from the budget. The temptation to raise salaries and bonuses and blame the losses on someone else was too great. As a result, prices of pharmaceuticals

as compared to what Farmatsiya was paying for them wholesale started rising as if on yeast, and exceeded the wholesale prices by a factor of three or four. An unprecedented situation developed: Having purchased the pharmaceuticals with state money, the holding—but still state-owned—company offered to also state-owned pharmacies and hospitals medicines they could not afford to buy because of the high prices. At the same time, there is no nonstate, alternative pharmaceuticals market, and people are forced to turn to pharmacies that have become part of the holding company. Over the period of its existence, of 1,890 state-owned pharmacies the holding “pocketed” about 1,768. Each of us could feel the result firsthand. The state monopoly, from which the organizers of this reorganization tried to save us, looked now like paradise as compared to the departmental monopoly—as prescribed by Farmatsiya!

[Todorova] What needs to be done in order for the pharmaceuticals market in Kazakhstan to stop being a test site for experiments on people? How do you see it today?

[Abdrakhmanov] I think we have to separate all oblast and city Farmatsiya joint-stock companies from the GKHK Farmatsiya—they were entangled in a single command system, which is impermissible in a market environment. We need to give them independence. All industrial enterprises in this sector also should be made independent: the Shymkent and Almaty pharmaceutical factories, the capital city medicine-packaging plant. Pharmacies that are located inside hospitals should belong to them, so that they would have a common interest in their patients getting well. The fate of rural pharmacies is a separate topic. My opinion is that they should be transferred into the health care budget, scant as it is these days. Otherwise they will not survive. City pharmacies, on the other hand, should be given complete independence—both legal and economic.

[Todorova] Will it not happen that instead of one big “pharmaceutical monster,” as GKHK Farmatsiya was, we will get a multitude of little monsters in the same sphere of activities, unmanageable and doing whatever they please?

[Abdrakhmanov] This system will be managed by demand. People will have a choice: If, for instance, 100 pharmacies come into existence in Almaty: private, departmental, commercial, state-owned—that is, with different forms of ownership—naturally they will begin fighting for customers. Because they will go where medicines are cheaper. Which means that pharmacists will have a direct incentive to purchase medicines at the lowest possible prices, to keep their own personnel small (we have pharmacies with up to 70 employees!), and to enter into direct delivery contracts instead of buying from middlemen. That is, an actual market rather than an apparition of one will finally appear in the Kazakhstan pharmaceuticals market. The republic, oblast, and city Farmatsiya divisions can be turned into wholesale warehouses, and then the capital city pharmacies, as

well as those on the periphery, will have a choice: They will buy from those that have cheaper medicines of better quality.

[Todorova] By the way, regarding the quality of medicines being offered in pharmacies—this aspect of your department’s activities concerns many readers. Some commercial departments, pharmacies, and individuals in street trade are now offering medicines our physicians never heard of. Are we again playing the role of guinea pigs to commercial dealers wishing to get rich?

[Abdrakhmanov] Yes, this is our problem. Abroad, in all developed countries the safety of pharmaceutical products is a crucial point of the entire pharmaceutical business. The quality of pharmaceuticals is strictly regulated and guaranteed by the law. The Republic of Kazakhstan Law “On Pharmaceuticals” is still on the drafting table...

Our administration has expert evaluation bodies that register new medicines, conduct expert evaluation, clinical tests, and if necessary laboratory analysis of their quality. And only after that is a medicine registered, that is, entered into the state registry. Then it may be imported and sold through pharmacies or hospitals. This should be done by a state service, whose status also should be defined by law.

[Todorova] But your administration—for control and standardization of pharmaceuticals and medical equipment—does exist, does it not?

[Abdrakhmanov] It does, but there is no legislative base for its functioning: The administration’s status has not been defined, nor has its powers and rights; who we can sue and how; where law enforcement organs fit into this—all these questions remain open. Ostensibly all these functions are the responsibility of the Ministry of Health Care and our administration, but at the same time no legal rights are attached to it.

We are not idle, however, in this legal vacuum. We are helped by the law on licensing: engaging in this activity without a license results in administrative and criminal culpability. We check pharmacies and prescription departments, but how can one rein in the street trade in medicines without a law on pharmaceuticals? We conduct raids together with the militia, ban, explain... And—again!—use any other normative acts but not the law that ought to safeguard the health of our citizens. There should be no place for dilettantes in the pharmaceutical trade. Medicines must be stored in strictly prescribed conditions; any deviation—higher or lower temperature, humidity, and so on—results in loss of curative potency and may harm the patient. With the help of the city’s sanitary-epidemiologic services, we constantly monitor the network of pharmacies, train pharmacists, and certify them for the job.

[Todorova] What rights do we, as consumers, have?

[Abdrakhmanov] All preparations sold in pharmacies must have a certificate of quality. You have the right to demand to see it. The draft law on pharmaceuticals prepared by the Ministry of Health Care envisages the right of the consumer to see the proof of quality, safety, and effectiveness of pharmaceuticals offered to him in pharmacies or hospitals. Such information must be made available to him. Meanwhile, pharmaceuticals are brought by the bagful from Moscow and St. Petersburg—some perhaps past the expiration date, or some that have not undergone expert evaluation... What is amazing is that the people who buy them do not stop and think whether this untested medicine, not registered anywhere, will produce the desired effect. Recently, for instance, the Italian company Glaxa contributed pharmaceuticals to a score of our charitable foundations, and all of them turned out to be unregistered. The expiration date is very close—April-May of next year. Where is the guarantee that they will be used before then? We also need to verify the quality of this medical cargo. All this requires time, and meanwhile all sorts of organizations, up to government level, keep pushing: You have to help; this is humanitarian aid; you have to permit; and so on! For some reason we think of imported items as something that is always of high quality, but unfortunately this is not always the case. A whole consignment of medicines delivered within the framework of European credits turned out defective. But it had already been brought into the republic and only here was this fact established. The GKKh Farmatsiya caved in under the pressure of interested parties, and some of these medicines made their way to pharmacies. For instance, the paracetamol syrup made by another Italian company, Sclava. I repeat—had we a legislative service, this would not have happened. This way, however, with the rights declared only verbally, it is very hard to stem the flow of poor-quality pharmaceuticals coming into the republic through different channels.

[Todorova] So in whose hands is the adoption of this law which you, Azat Abdrakhmanovich, speak of with such hope... and such melancholy?

[Abdrakhmanov] The ministries and agencies, where the draft law on pharmaceuticals had been sent for approval, as well as the relevant Cabinet of Ministers department, the Supreme Council Committee on Protection of Public Health, and the parliament itself. We need this law like we need the air.

### **Diphtheria, Hepatitis, Polio Extent Viewed**

95WE0055A Almaty EKSPRESS-K in Russian  
18 Nov 94 p 2

[Commentary by Anatoliy Dernov, republic's chief state sanitary physician, recorded by EKSPRESS-K correspondent Svetlana Dylevskaya: "Since the Beginning of the Year, the Number of Diphtheria Cases Increased Tenfold"]

[FBIS Translated Text] A republic seminar "Topical Problems of Combating Virus Hepatitis, Diphtheria, and

Polio" opened yesterday in the Ministry of Health Care. Among the participants are more than 70 practicing physicians and research institute specialists—infectious disease specialists, pediatricians, epidemiologists. The day before our correspondent Svetlana Dylevskaya met with Anatoliy Dernov, republic's chief state sanitary physician, who described the situation with respect to diphtheria, hepatitis, and polio.

Physicians are concerned today about the level of incidence of diphtheria: Over 10 months of the current year, 312 cases were registered (35 over the analogous period in 1993). This problem is topical not just for us. A substantial increase in the incidence of this disease is registered in a number of Kazakhstan's neighboring countries. In the republic itself, outbreaks of diphtheria occurred in East Kazakhstan and West Kazakhstan Oblasts and a number of oblasts bordering with Russia. Quite recently work was finished on containing an outbreak in Kokshetau Oblast. The causes of diphtheria are well known—population migration and close contact with carriers. More than half the patients are adults who have not been revaccinated. This is a very serious disease, and, unfortunately, there are fatalities (over 10 months of 1994, 22 persons died—children and adults).

With this situation in mind, the Ministry of Health Care undertook a number of measures. The Ministry of Finance is working on allocating targeted means for emergency purchases of antidiphtheritic vaccine. We currently have about 40 million doses (purchased in Russia), which is enough to treat and prevent reinfection of patients diagnosed in time.

Immunization is of great importance in preventing the disease. A special group has been set up at the instruction of the Ministry of Health Care (it includes scientists-practitioners, hygienists, and pediatricians), which is completing work on a state immunization program. By preliminary estimates, 130-140 million tenge will be needed to purchase antidiphtheritic vaccine. We need to additionally immunize about 5 million of republic inhabitants—children, teenagers, and adults (this will require about 50 million tenge). The money will be allocated in stages. The Ministry of Health Care is asking to provide centralized financing at the republic budget level to purchase antidiphtheritic vaccine. By all indications, considering next year's budget, this will be treated as a separate line item.

The level of incidence of hepatitis in different oblasts of the republic varies. Incidents of acquiring this viral intestinal infection are registered mainly among organized groups of population—for instance, schoolchildren. The causes—poor water supply in schools, close contact, poor diagnostics of this disease at early stages. Combating this disease requires dealing not only with medical but also social problems of everyday life: We are encouraging heads of administration and economic entities to try to resolve the problems in the organization of food and water supply, and general sanitary condition.



As of today, two cases of polio have been registered in the republic. This is such a fearsome infection that every case is treated as an emergency. By the way, the WHO has declared 1995 a year of polio prevention: A simultaneous blanket immunization of the population will be conducted. Neither should Kazakhstan be inactive: We have serious shortcomings in conducting immunization against polio. Because of our inability to pay for deliveries of antipolio vaccine, we currently have only half the needed supply.

We have signed an agreement with the French company Pasteur Merier for deliveries of antimeasles, antidiphtheritic, and antipolio vaccines. Unfortunately, a one-time contract does not cover our need for vaccines.

**This Is Not Cholera, Plague On It!—by Georgiy Loriya**

*Aktyubinsk—The republic mass media's alarming report that a case of cholera was registered in Shalkar in Aktyubinsk Oblast turned out wrong.*

As Zh. Dombayev, deputy chief physician of the oblast sanitary-epidemiologic center, told the correspondent, there was indeed a suspected case of cholera: The symptoms were just too similar. And in such a case it is, of course, better to be safe than be late in taking measures. Especially considering that the elderly patient arrived from Uzbekistan, where, as is known, there have been registered cases of cholera.

Aktyubinsk physicians immediately reported their suspicions to colleagues in Almaty, from where apparently the incorrect information got to the republic media and was published. As it turned out, the elderly man actually suffered not from cholera but a serious poisoning—most likely from spoiled milk. By the way, a little later the patient was also diagnosed with salmonellosis, but this diagnosis was not confirmed either.

According to the oblast center staff, mindful of the unfavorable epidemiologic situation in the CIS this summer, they had been saving literally crumb by crumb the "emergency ration"—an emergency stockpile of medicines needed to combat cholera. Fortunately, it was not needed. The only thing the medical professionals probably regret is that they have not managed to take advantage of the "cholera scare" to obtain additional appropriations to be used in the event of a true epidemic of the horrible disease.

As to the Shalkar pensioner, he did make it, albeit barely.

**KARAVAN Officials on Procurator's Warning**

954K0375A Almaty EKSPRESS-K in Russian  
16 Nov 94 p 3

[Interview with Vyacheslav Srybnykh, KARAVAN first deputy editor in chief, and Leonid Gurevich, Giller Institute science and research director, by EKSPRESS-K

special correspondent Erik Nurshin on 15 November; place not given: "How Will Thy Word Echo? The Conversation Continues"]

[FBIS Translated Text] *An EXPRESS-K special correspondent met yesterday with Vyacheslav Srybnykh, KARAVAN first deputy editor in chief, and Leonid Gurevich, Giller Institute science and research director, and asked them a few questions in connection with the recent warning issued by the Almaty deputy procurator Aleksandr Molokanov to "KARAVAN newspaper editor in chief I.M. Meltser and AO [joint-stock society] director L.Ya. Gurevich."*

**So, a Word to the "Forewarned"**

[Srybnykh] It is silly to get mad at the thermometer if you do not like the temperature it shows!

[Nurshin] Vyacheslav, what kind of audits have been going on at KARAVAN lately?

[Srybnykh] Auditors came from the city tax inspectorate and the procuracy; the tax police were supposed to come on Monday, but they did not show up yesterday—maybe they will today ("today" is 15 November—E.N.).

[Nurshin] And what were they auditing

[Srybnykh] Well, first of all the Giller Institute—all founding documents... It looks like the audit went smoothly; they did not have any questions. The tax inspectorate audited all KARAVAN activities along their lines—how we pay taxes. This audit lasted three or four days, I am not sure precisely. Without question, this was not a planned audit, because such coincidences do not happen. That is, in principle we are not at all against audits, but, as we reported in the newspaper, they came all at once. Otherwise, we had no audits at all over the past few years...

[Nurshin] No audits whatsoever?!

[Srybnykh] No audits.

[Nurshin] The "Warning" says: "the so-called Giller Institute." Please explain: Is this "Giller Institute" or "Giller Institute AO [joint-stock society]?"

[Srybnykh] You see, the entire KARAVAN structure is built on a system of joint-stock societies. KARAVAN newspaper is published by one AO, KARAVAN-BLITS—by another, and the Giller Institute is still another AO. After all, we cannot organize an institute along the lines of a state institute! Who is going to finance it? We have no state subsidies, only what we earn.

Our Giller Institute conducts polls on an entire range of issues: social and economic problems, including interethnic relations. But the procuracy for some reason decided, so to say, to pick out from the entire range of questions only these and say: "You are doing wrong!"

[Nurshin] What is the purpose of Giller Institute's research?

[Srybnykh] The purpose is to take society's temperature on all issues. Our institute provides a true picture. This is probably what the authorities did not like—that the percentages that come out are different from what they wanted to see. In my opinion, it is silly to get mad at the thermometer if you do not like the temperature it shows!

[Gurevich] I think we will continue our research!

[Nurshin] Tell me, Leonid, do you fully agree with the results of the procuracy's audit?

[Gurevich] Absolutely disagree.

[Nurshin] What are your institute's interests?

[Gurevich] The institute conducts sociological, sociopsychological, and marketing research, using quite well-tested methodology. We are not blazing any trails.

[Nurshin] Who initiated the creation of the Giller Institute AO?

[Gurevich] The initiative came from Karavan AO and Boris Giller—the Karavan AO board chairman—personally.

[Nurshin] And how did you come into this job?

[Gurevich] In the beginning, I was head of the Sociological and Political Science Department in the Institute of National Economy—now it is the Kazakh State Management Academy. I still work there, teach. In addition, we have specialists who have basic training in sociology.

[Nurshin] What are your plans for the "post-warning" near future?

[Gurevich] I think we will continue our research. And we do not have a fixation on the problem of interethnic relations. We are interested in the entire range of processes taking place in the republic. We believe that we should have an objective picture of public opinion on the problems and judgments that to some extent dominate the mass conscience.

[Nurshin] Are you not per chance carrying out special assignments for foreign secret services or intelligence outfits?

[Gurevich] Under no circumstances! What prompted you to ask such a question?

[Nurshin] There are rumors...

[Gurevich] I want to say the following: We have orders for marketing sociological research. For instance, we have done some research for the Radio Liberty-Free Europe Research Institute, for an American company, for the All-Russia Center for Public Opinion Studies... Most such projects, which extend outside Kazakhstan's borders, are carried out by the Republic Center for

Public Opinion Studies—which, in my opinion, is a state structure—which currently does it in a greater volume than we do.

[Nurshin] What research methodology do you use?

[Gurevich] Mainly traditional methods. Our publications are based on research conducted using the methodology of telephone surveys, a personal standardized interview. We use such qualitative methods such as, for example, in-depth interview and focus groups... These are methodologies tested over decades.

### Procurator's Warning to KARAVAN Outlined

954K0376A Almaty SOVETY KAZAKHISTANA  
in Russian 16 Nov 94 p 1

[Unattributed report: "Procuracy Warning"]

[FBIS Translated Text] It was learned from official sources that Almaty Deputy Procurator Aleksandr Molokanov issued a warning to the newspaper KARAVAN on the impermissibility of violating the Law on the Press and other mass media. At the request of one of its correspondents, the KAZTAG agency obtained this document from procuracy organs.

In the view of the procurator, the warning was issued because of KARAVAN's violations of Article 5 of the law, which prohibits use of the mass media to disseminate racial, ethnic, or religious propaganda of exclusivity or intolerance.

The determination was made, in particular, on the basis of published data from sociological research of the Giller Institute on questions of interethnic relations. Readers are not being informed as to the ethnic, quantitative, or age composition of respondents, their place of residence, or social position. The point of view of a small population group is being presented as the public opinion of all the people of Kazakhstan.

In this regard, the questions are often provocative in nature and capable of exacerbating interethnic relations. They inquire as to the attitude of the Kazakh people toward Russian-speaking people, whether they feel demeaned by virtue of ethnicity, whom they would prefer to see as the director of an enterprise—a Kazakh or a Russian, with whom they would prefer to have a close relationship, whether the interests of all the people of Kazakhstan are equally close to the president or those of Kazakhs are closer, etc.

In a number of publications, private conflicts among citizens of various nationalities and population migration are presented from a point of view that aggravates problems between national groups arising on interethnic grounds.

The deputy procurator warned the newspaper editors and focused attention on the impermissibility of published materials that rouse interethnic strife.

In the event the above-mentioned violations of the law do not cease, the city procuracy will undertake prosecutorial measures to stop publication of the newspaper KARAVAN and bring criminal charges against the guilty parties.

A KAZTAG correspondent asked Aleksandr Molokanov to comment on this document.

I would note right away, he stated, that this warning is a legal measure aimed at stopping the publication of materials that destabilize the environment in the country, materials that might lead to a stratification of society along ethnic lines.

It is also important to single out another aspect of this question—the fact that treatment of the subject of interethnic relations is not at all the reason for adoption of such a measure. It is rather the manipulation of public opinion, the provocative nature of the questions, that constitute the cause. In our view, KARAVAN's sense of measure, tact, and tolerance has long been failing the newspaper. References that the warning cites published materials of limited recency are unfounded, insofar as the procuracy's analysis reveals an expressed tendency towards artificial exacerbation of interethnic problems. In addition, the organs of the procuracy are authorized, when issuing official warnings, to refrain from citing the full volume of information and concentrate on just a portion of it or even one specific piece, regardless of the time frame of publication of the material.

As far as published material in the newspaper KARAVAN-BLITZ (No. 57, 14 November of this year) is concerned, the wording "our democracy is choosing the path of Uzbekistan" is at the very least unethical. Insulting attacks of any kind directed towards a friendly neighboring state are impermissible.

I would also note that the warning does not at all entail closing down the newspaper. It is simply a reminder to the newspaper editors of their responsibility under the law and to society for objectivity and propriety in their reporting.

#### **Zhursimbayev on Constitutional Court**

954K0347A Almaty SOVETY KAZAKHSTANA  
in Russian 11 Nov 94 p 2

[Article by Sagindyk Zhursimbayev, deputy chairman of the Committee for Constitutional Legislation and Human Rights of the Republic Supreme Council: "The Constitutional Court: Is It Justifying Its Appointment?"]

[FBIS Translated Text] Judicial defense of the constitution and assurance of its supremacy are entrusted to the Constitutional Court. This is how the basic law defined the independent status of this specialized organ of legal defense, entrusting to it the particular assignment of the safeguarding of the stability of the constitution.

In the more than two years of its existence the supreme organ of judicial power for defense of the constitution has considered on their merits, with the adoption of a final verdict in the form of decisions, eight cases. This number immediately gives rise to the question: Which are the state authorities and who are these officials that have infringed our basic law? The very first acquaintance with the decisions of the Constitutional Court shows that there were no particular infringements. It is simply that the practice of the Constitutional Court testifies to a certain broad interpretation on its part of its authority determined by law.

As we know, legal documents have their hierarchy and systemic character. In order to ascertain what level thereof pertains to the jurisdiction of the supreme organ of judicial power guarding the constitution it is reasonable to turn to the constitution itself, which indicates as objects of constitutional procedure laws and other acts.

The "other acts" concept is employed in close connection with laws, which permits the conclusion that this wording implies not all acts but only those that in terms of the level of regulation of juridical relationships maximally approximate laws and are of a prescriptive-legal nature.

The endowment with the right to consider the constitutionality of decrees adopted by the Supreme Council is dubious. After all, it is common knowledge that its decrees are frequently not of a prescriptive-legal nature and regulate the procedure of the implementation of laws, the internal activity of the legislative body itself, and routine personnel changes.

It is not entirely clear by what logic all edicts, decrees, and directives of the president are referred to the jurisdiction of the court. From the viewpoint of the basic constitutional principle of the separation of powers, each of their branches is independent within its competence, and, consequently, the decrees and directives of the president regulating internal issues of the executive and a personnel shuffle that are not of a legislative nature should not be examined by the Constitutional Court.

A verification of the constitutionality of law enforcement practice should be excluded from the jurisdiction of the court also since provision is not made for this in the constitution and it is interpreted very broadly in practice. So in the consideration of a case concerning the constitutionality of law enforcement practice connected with the use of contracts the court has manifestly intruded into the jurisdiction of general courts endowed with the legitimate right to resolve labor conflicts. In addition, the verdict of the Constitutional Court did not reinstate the citizens that had brought the action, for which they had been hoping. Nor could it have done, according to the provisions of constitutional procedure.

Ultimately the plaintiffs were forced to apply for a restoration of their rights to the people's courts. Why, then, this "dual" consideration of the case?



It is hard to agree that the mode of delivery of a pension, about which suit was brought in court (via the social security authorities or via the local communications branches), is a matter for constitutional law, is regulated by the constitution, and its lawfulness should be verified by the highest court of the republic.

The position of the court, which frequently deems unconstitutional any violation of the law, substantiating this by the fact that the constitutional obligation of state authorities to comply with the law has not been observed, is highly contentious. This method was employed during consideration of a case concerning the minimum consumer basket, exemption from value-added tax, regulation of cash turnover, and contract relations.

Thus in consideration of the proceedings "Constitutionality of Decree 1158a-XII of the Supreme Soviet of 18 January 1992 'Timeframe of the Phased Commissioning of Minimum Consumer Budgets' and the Supplement Thereto 'The Minimum Consumer Budget in 1992'" and also the acts of the president and the Cabinet of Ministers of the republic that were based on them, the court refers constantly in the ratio decidendi to violations by the Supreme Council when adopting the decision of provisions of the law "The Minimum Consumer Budget" and even "The Norm of Physiological Requirements in Nutritive Substances and Energy for Various Groups of the Population of the USSR." It is inferred here that there was a violation of the requirement of Article 4 of the Constitution of the Kazakh SSR in effect at that time in that state organizations are required to observe the "Constitution of the USSR, the Constitution of the Kazakh SSR, and Soviet laws." According to such logic, any violation of the law, even a criminal offense and an administrative infraction, may be deemed simultaneously a violation of the constitution also.

In the greater scheme of things, in order to justly determine the minimum consumer basket and establish a justified, lawful minimum consumer budget it is essential primarily to rectify the financial situation of the republic and to emerge from the protracted economic crisis as quickly as possible.

The recognition as unconstitutional of the edict of the president of the republic of 13 February 1992 "Special Measures To Provide the Republic's Economy With Cash" would seem somewhat belated also. Especially since in respect to the provisions of the workers with cash the constitutional rights of the individual are being violated today also as a result of the tardy payment of their wages.

It would seem to me that a certain lack of fastidiousness in the acceptance of cases for consideration and the desire, unsupported by the law, to expand its authority are undermining the peculiarity of constitutional justice and eroding the boundaries of the jurisdiction of constitutional and general courts.

I believe that the Constitutional Court should verify the conformity of laws and other acts of a legislative nature merely to constitutional provisions, and this presupposes the presence in the constitution of provisions clearly regulating the situation in dispute. It is not legitimate to compare a provision of a law with what is not regulated in the constitution. Yet it has reached the point of the court having instituted proceedings against one of its own justices concerning the unconstitutionality of his election on account of a lack of the requisite length of service. But there is no such requirement in the constitution, on the contrary, Article 17 stipulates that all citizens are equally entitled to access to public service.

In recent times alone the Constitutional Court has accepted a number of suits concerning verification of the constitutionality of decisions of the past and present sessions of the Supreme Council, although, in my view, the claims stated in the appeals have not been resolved in the constitution of the republic, and, consequently, according to Article 22 of the Law on Judicial Procedure, the proceedings should not have been instituted.

There is also an unfortunate decision of the Supreme Council itself, which last year adopted addenda to the law and converted each deputy of parliament into an independent subject of constitutional procedure. This permits certain deputies to successfully carry over debates from the meeting hall of the Supreme Council to the Constitutional Court. I believe that the State Duma of Russia acted correctly when it rejected this practice.

I recently took part in the Constitutional Court as a representative of the Supreme Council in respect to V. Chernyshev's suit concerning verification of the constitutionality of the law of 10 December 1993 "Temporary Delegation to the President of the Republic and the Local Administration Heads of Additional Powers." The suit of U. Ikhsanov, who had also brought a similar action and was contesting, in addition, the constitutionality of the presidential edict of 7 February 1994 "Concerning U.I. Ikhsanov and I.A. Petrova" and "Organizational Questions of the Activity of the Supreme Council of the Republic," was examined simultaneously.

I confess that, as an oblast justice in the past, I was expecting with interest to see distinctive features and specifics of constitutional procedure. Following the strict rhythm and strenuous work in the general courts, I was unaccustomed to watching the sluggishness of the constitutional process and the listless and lengthy discussion of an elementary procedural matter. I was particularly struck by the participation in the trial of two justices who in official rulings that they had rendered earlier had already expressed their opinion on the merits of the matter in question. In general courts a judge may be challenged. Here, however, according to the law, a justice of the Constitutional Court is required to disqualify himself if a justice's impartiality could be called in question as a consequence of a personal direct or indirect interest in the outcome of the proceedings. None of us

doubted the personal interest in the termination of the proceedings by the justices that had earlier rendered a similar judgment on the preliminary material. Our misgivings were of no interest to them, and special qualities, which, unfortunately, not all justices possess, are need for self-disqualification.

According to clause 4 of Article 22 of the Law on Constitutional Procedure, the rescindment or lapse of an act whose constitutionality is being contested entails the termination of the constitutional procedure in respect to the proceedings that have been instituted.

The law of 10 December 1993, in respect to which I represented the Supreme Council, lapsed on 19 April 1994, as of the moment that the new Supreme Council commenced business. In this connection, without going into the essence of the matter, I stated this in a petition, confident of the precision and unambiguity of this provision of the statute. Simultaneously another defendant—a representative of the president—sought the dismissal of the suit of U. Ikhsanov as having been brought by an improper party.

The court, procrastinating repeatedly, did several days later rule that my petition should be left open, although the above-mentioned law of 10 December 1993 had long since ceased to exist as an independent legal document, which was confirmed by the findings of the experts and the case material.

The decision to dismiss U. Ikhsanov's suit was received with particular bewilderment. Was it necessary, one wonders, to have waited six months and to have commenced legal proceedings to arrive at the conclusion as to the lack of jurisdiction over this suit, although the decision on the institution of constitutional proceedings had already recognized U. Ikhsanov as the party of an appeal that no one had set aside.

It is unclear how the court concluded, without consideration of the case and without an investigation and appreciation of the contested acts on their merits, that the edicts adopted by the president on the abolition of U. Ikhsanov's position do not affect his constitutional rights. It is a pity that the court failed to comply with the elementary demand of clause 9 of Article 24 of the Law on Constitutional Procedure requiring, in the event of the termination of proceedings, specification of the authority to which the petitioner should apply.

It is particularly surprising that, of the nine justices that considered the case, four were opposed to the judgment and expressed dissenting opinions, which required that the case be considered on its merits. If it is considered that two members of the Constitutional Court did not participate in the proceedings, the question arises: May a decision rendered by five justices out of 11 be considered a judgment of the Constitutional Court as a whole? In a similar situation the Supreme Council takes account of a necessary majority when adopting laws and proceeds from the total number of all deputies.

In addition, it has been established that after the conclusion of the judicial proceedings, the Constitutional Court, agreeing that the document that had been published was unconvincing, adopted in the absence of the parties a supplementary ruling stating the reasons for the decision that was adopted.

Is this not a lot of gaffes and liberties for such a supreme organ of judicial power?

The stated circumstances persuade us increasingly that the laws on the Constitutional Court and constitutional procedure require appreciable adjustment. It should be acknowledged that the hopes of broad strata of the populace connected with the introduction of the institution of the Constitutional Court have not been justified. Unfortunately, intended to be a judicial body of a new type, it is gradually becoming an element of an administrative state institution, more, it is acting as a politicized body.

A number of petitioners representing social and political forces have not been averse, with the aid of the Constitutional Court, to seeking a political opinion in their favor of this event or the other or law that has been adopted. It must be remembered that any injudicious and unobjective judgment of the court could change this body from a defender of the constitution into an instrument of political struggle loosening our constitutional system. The internal strife on the court could contribute to this also. The proposal of the justices concerning the election of a chairman of the court by the court itself, as is done in Russia, deserves support.

It has been three years since constitutional proceedings were instituted concerning verification of the constitutionality of the decisions adopted in the period of the December (1986) events, which began sensationally prior to the adoption of the constitution of the republic and were then consigned to oblivion. Is this not explained by political motives, since a unified republic judicial body was the actual issue at the time the basic law was adopted?

It is a year since the court has considered, with the rendering of decisions, cases on their merits, confining itself to just another suspension or termination of proceedings. The manifest signs of a crisis of the Constitutional Court are appearing increasingly graphically. And the research and pedagogical activity of the members of the Constitutional Court and their frequent trips to the far and near abroad are gaining the ascendancy over a strengthening of a high organ of judicial power that is new to and greatly needed by all of us.

I can imagine the state of members of the Constitutional Court unaccustomed to harsh criticism. But I hope for reciprocity and an understanding of the fact that the creation and strengthening of the judiciary and any democratic institution require considerable budgetary resources. And the taxpayer or his representative—the

deputy—is entitled to inquire as to whether his expenditure is being justified by the fair administration of justice. And also by the following facts: Why are there only nine members of the Supreme Court for 260 Americans, and 66 members of the highest organs of judicial power for 16 million Kazakhstanis, despite which our society is constantly experiencing a lack of justice?

This is why I am profoundly certain that no one authority, no one body, and no one official should in any democratic state be beyond the control of the people.

#### **Commentary on KARAVAN, Press Freedom**

954K0389A Almaty KAZAKHSTANSKAYA PRAVDA  
in Russian 17 Nov 94 p 1

[Article by Grigoriy Dildyayev: "No Nose Ring on this Karavan"]

[FBIS Translated Text] In bygone days, the genre of so-called "press review" used to be employed in KAZAKHSTANSKAYA PRAVDA. This task was entrusted, the way I recall it, to instructors in the mass media section of the Central Committee's Department of Propaganda. And if a certain newspaper was criticized in a review, things became really tough—editors were bounced, bonuses were cut, and other disasters rained down. And you could never prove things were the way they were.

Today we live in different times. Thank God. If only because today KAZAKHSTANSKAYA PRAVDA need not be wary of "being faithful to the line," need not reprimand or shout at journalists, who have now acquired the absolutely amazing ability to work without looking over their shoulder in apprehension of any authorities. And to perceive any dressing down—especially some clamor from the authorities—as the finest present. Especially if it (the clamor) rings out in the heat of a subscription campaign.

Printed in the last issue of KAZAKHSTANSKAYA PRAVDA was a report transmitted through KAZTAG channels that the newspaper KARAVAN had been issued a vaguely menacing warning from the Almaty procurator. For which we congratulate them (not the procurator). God knows what accusations KARAVAN will renounce, to its own great advantage.

You can look at this publication in a variety of ways. You may love it. You may not like it very much. Many people love it—can you imagine? KARAVAN has the largest circulation in Kazakhstan and is quoted very frequently. This constitutes indisputable publishing success and has won my respect, I have to say. Whatever the nature of its success, KARAVAN has acquired the opportunity not only to reflect the mood of a large segment of the populace of Kazakhstan, but to form it as well. All right—this may not please you. You may not like it. But not to respect it?

Incidentally, KAZAKHSTANSKAYA PRAVDA enjoys it when material about our newspaper appears in KARAVAN. This is good, free advertising. Quite honestly, however, it is hard to show respect for the authors who have transferred the press reviews to KARAVAN, reviews that specialize in KAZAKHSTANSKAYA PRAVDA-izing and embellish in every possible way one theme: that the state journalist is a bad journalist, and a budget-financed newspaper is the cause of all the misfortunes of our taxpayers. It is hard if only because until quite recently these authors were working in KAZAKHSTANSKAYA PRAVDA, some to a greater degree than others, but all used to be state journalists. Now the situation is reversed. And this is, of course, a matter of principle.

But it is not my job to win laurels for the city procurator, and I presently have no relationship whatsoever with the agency KARAVAN ADVERTISING. I will therefore move on to what is important.

The symbol of KARAVAN is the camel. A strong, capricious, hardy animal who feels absolutely at home in our land. Not a gourmet, he prefers most of all to eat thorns and other not very appetizing things. He can spit but this is part of his nature. And you cannot fight nature. An obstinate camel is brought into line through the use of a wooden wedge they put through his nostrils and twist. The wedge is called a nose ring. You twist the nose ring, and the camel becomes submissive.

I am truly glad that no nose ring is going to be fitted into this camel of Kazakhstan journalism—KARAVAN. Except, of course, the law. And this is one of the finest testimonies to the fact that democratic norms have taken root in Kazakhstan.

#### **Shekeyev on Crime, Corruption, Controls**

954F0407A Almaty SOVETY KAZAKHSTANA  
in Russian 23 Nov 94 p 2

[Article by Zhaksylyk Shekeyev: "The Supreme Soviet Is the Only Force in the Fight Against Corruption"]

[FBIS Translated Text] There have been numerous reports in the press that following its summer recess the Supreme Soviet for the first time heard a report from the heads of power structures—the Ministry of Internal Affairs, the National Security Committee and the General Procuracy—regarding the state of crime in the republic and the measures being taken to combat it. In the course of discussion on this issue a commission was established at the initiative of Sagindyk Zhurskimbayev, a commission comprised of deputies and representatives of law enforcement agencies, the goal assigned to which was to oversee the implementation and development of measures aimed at improving the effectiveness of law enforcement agencies in their efforts to fight crime, and also to regulate the activities of the aforementioned power structures. The commission will have 18 members drawn from members of parliament and law enforcement personnel.



At the same plenary session I also proposed to establish an all-deputy commission to look into the cases of lawbreaking by officials in South Kazakhstan and Pavlodar oblasts and at the National Bank of the Republic of Kazakhstan cited in a speech by the General Procurator, as well as cases made public by deputies during Supreme Soviet sessions. The matter was brought to a vote and did not receive a sufficient number of votes in favor. Then I proposed that a roll call vote be taken, and the results were quite telling: 94 people voted in favor of establishing such a commission, 25 were opposed, and 10 abstained.

The new structure could provisionally be called a commission to combat corrupt elements in governmental structures. By realizing that it is essential, the Supreme Soviet laid the first stone in the foundation of a people's fortress that will protect society against the excesses of ministers, *akims*, bankers, judges and many other officials who have caught the disease of greed and transformed public office into a tool to extort and rob their own people, into a means of personal enrichment.

However, even after the lunch recess a group of deputies attempted to change the decision that had already been made. Their motion was put to a vote and did not pass, so the commission was retained. But unfortunately not enough time was left to select its members.

At the following week's plenary session, when the initiator of the idea was working with the editorial commission preparing a draft decree on this matter, Serikkhan Zhakupov, chairman of the Committee on International and Interparliamentary Relations, repeatedly moved to rescind the previous decision. However, the deputies voted only to remove the issue from the agenda, which was already quite full.

But the very fact that this happens gives one pause. One becomes suspicious that in the interval between plenary sessions a serious campaign was waged to block the Supreme Soviet's targeting of corruption. That campaign was waged by certain very interested forces with the support of some deputies. This is also attested to by the results of the new effort to place the matter on the agenda and select the commission members. That effort ended unsuccessfully. My subsequent written appeals to the Supreme Soviet leadership asking that the matter be placed on the agenda or that, in accordance with the Parliamentary Rules, I be allowed to address a plenary session to defend my viewpoint, have been blocked quietly and without response.

Why does someone not want to establish this commission, and who is that someone?

Before giving my answer to that question, I would like to pose several others to your readers.

Firstly, does organized crime and corruption exist in our republic's state structures, particularly in the highest echelons of government, or is all the talk about this

merely idle fantasy? Next: is corruption strangling our country's economy, or helping it to prosper? Is the chaos that exists in society to the benefit of only the corrupt segment of society, or of the entire population? How are some high-ranking officials and their close associates getting rich at an incredible rate: by plundering the republic's wealth, or through honest, productive labor?

Probably everyone would give different answers to these questions. As would my colleagues, the deputies. That is only natural. Deputies are part of society and represent the interests of various segments of society. Their answers would depend on whose interests they represent. In other words, whose social imperative they are following. As for myself, I am doing the will of ordinary voters. And my answer to the first part of all four questions is "yes," and to the second part "no."

A majority of current members of parliament share that opinion. But I do not intend to condemn those who take a different view. This is not a personal matter, it is a matter for their conscience. Only the voters can be their judge.

However, if we believe that corruption exists and that society should fight it, then another question presents itself: who should do that, and how? It is precisely in response to that question that some deputies resort to a contrived concept put forth by the corrupt segment of society, which is as follows. Efforts are being made to convince us that investigations of this nature would harm law enforcement agencies and thereby help law-breakers.

If one ponders this reasoning it is not difficult to realize the cunning of it. Noble motivations are being used to camouflage efforts to protect from action by the Supreme Soviet certain high-ranking corrupt officials who have earned their wealth off the misfortune of their own people.

But law enforcement agencies are not capable of fighting corruption in the highest echelons of government. No prosecutor is going to be able to withstand those who have plenty of money, extensive connections and unlimited power. He would be dissuaded, bought off or simply crushed.

Nor is the judiciary any help. Is there even one judge in this whole republic today who is capable of handing down a sentence against these people, even when presented with incontrovertible evidence? This brings up another question: is there any deputy among us who is capable of proving to ordinary people that the judges (even those on the Supreme Court) who acquitted the former heads of Turanbank, who were accused of receiving particularly large bribes in dollars, did so out of consideration for the law or our republic's prosperity? He would have a hard time making that case.

And there are many other similar examples.

On the basis of all these circumstances, I feel that the Supreme Soviet is the only remaining real power in the republic that is capable of halting this robbery of the people. Firstly, because deputies are more or less protected by the law against direct influence by corrupt forces. Secondly, I am convinced that there are more honest and incorruptible individuals among the deputies than not. That guarantees success.

Hence my conclusion: the Supreme Soviet cannot sit idly by observing efforts to fight corruption. In fact, today it is obligated to consider this one of its primary tasks. In other words, in each case it should give a moral and political assessment of actions by high-handed officials, and it has an obligation to participate in the process of molding a public opinion of intolerance toward individuals, particular government officials, who betray their own conscience and universal human standards of morality.

Nowadays we love to talk about the "civilized countries." But we do not always notice the things that happen there. The prime minister of Japan recently resigned. It is said this was only because a private company installed a gate in his back yard. In the United States one high-ranking official in the president's inner circle was forced to resign for happening to be in a helicopter flying by his ranch and asking for it to land and let him out there.

There have been many similar cases.

So why is it the only thing we take from the civilized countries is the market economy, and that only in a backwards fashion, pursuing only the goal of enriching those in power, while ignoring the moral values that exist in those countries? When high-ranking individuals can get away with violating any law or universal human standards of behavior, can the Supreme Soviet pretend that nothing out of the ordinary is going on?

It is a well-known fact that in Italy, the homeland of the mafia, the bosses of corrupt gangs fear investigations by parliamentary commissions more than anything else. We should give that some thought.

Of course, when it comes to felonies, priority should be given to law enforcement agencies. In those cases the Supreme Soviet commission should simply do everything it can to assist them, even providing protection against efforts by corrupt forces to influence the investigation. I do not believe there could be any other opinions on this point. But the commission should exist and initiate the fight against corruption. I am certain that sooner or later it will be established.

Under our Constitution the President of the Republic of Kazakhstan is the guarantor of civil rights and freedoms. Naturally, the question presents itself: why is he not ensuring compliance with the requirements of our Basic Law? Why is he permitting negative thing to go on, sowing dissatisfaction among the public and among

Supreme Soviet deputies? He is probably heeding the old folk saying that says "one man in a field is not a warrior." But if his inner circle is not helping him enough and sometimes even undermines his efforts, then it is the sacred duty of the Supreme Soviet to take its stand alongside him and begin establishing proper order in this country.

### Increased Poaching of Falcons Viewed

954K0336A Almaty KARAVAN-BLITS in Russian  
No. 55, 10 Nov 94 pp 1, 5

[Article by Anton Verin and Mikhail Sorokoumov: "Who Is Going To Answer for the Royal Hunt: We Cannot Expect Favors From Nature After What We Have Done to It"]

[FBIS Translated Text] As we already reported, the RK [Republic of Kazakhstan] Supreme Council is planning to hold hearings on the predatory hunting of saker falcon intensely conducted lately in the territory of Kazakhstan by citizens of some foreign states.

KARAVAN-BLITS has in its possession incontrovertible proof that this hunting is done with the connivance and by direct permission of the power structures.

Over many centuries of its existence, this bird has seen a lot, but it is unlikely that it had ever encountered an epidemic of human immorality on such a scale. Over the past two days alone, the newspaper received the following reports: The day before yesterday, customs officials detained in the airport an Afghanistan citizen with five sakers in his luggage. The day before, in a hotel, militia officers discovered four falcons in possession of a visiting Egyptian. A little earlier a falcon was spotted in an apartment rented by Arab students—the youths were hiding him behind an ironing board. Our reader called the newspaper and reported that he witnessed the transfer of the falcon to foreigners (he wrote down the car license plate). And, finally, a throwaway bird was found in the capital's environs. Having apparently realized that the precious cargo could not be carried through the customs, the poachers simply disposed of the exhausted falcon.

Imagine our compatriots taking a fancy to a cute animal or bird on one of the Persian Gulf countries. Except that who will let them wander around the foreign land unimpeded and pick the natural "goodies" as they please? Here, however, they are not shy about it. There are many reasons for it. We already wrote on this subject: small fines; laws that do not work. But, there is another, perhaps the most serious one: either accidental or deliberate connivance of high-ranking state bureaucrats. A few days ago we received documents that show it quite graphically.

### The Prince Will Not Be Shortchanged

First, let us go back to the notorious Prince Mohammed bin Bandera bin Abdul Rahman al-Saud. We now know for a fact (the newspaper had photocopies of all documents mentioned in this material; we handed over

another set to the Supreme Council), that the esteemed prince and his entourage are permitted to catch on the RK territory "over the period from 29 September to 31 December 1994, 20 head of saker falcons and 30 head of Houbara bustard."

Now let us do some quick estimates. We have to assume that the prince, who keeps in his palace several tens of falcons from all over the world, will somehow find a way to select the most valuable birds on the huge territory designated for his hunt in Kazakhstan. As is known, these birds can cost up to \$80,000. Take \$80,000 times 20, and we get \$1.6 million. That is, almost the same \$2 million that are being advertised as the prince's generous gift to the Republic of Kazakhstan for nature preservation activities. Oh yes, and his gift of 20 cars. Excuse me, but what about the lease on the territory where he will be hunting for three months? And 30 Houbara bustards? And the unstoppable tidal wave of poachers, which, in the opinion of some specialists, began precisely after the prince's first visit? Until then, foreigners did not know the birds' nesting places. Other specialists, though, like the prince very much. They say that he really does like nature, loves falcons, releases many of the birds he catches right away, and on top of that helps to detain his compatriots-poachers...

#### And Here Are Facts Supported by Documents

The permit for the prince's hunting in Kazakhstan is persistently associated with the government decision dated 14 January 1994 "On Creating an KazSAEF International Ecological Foundation," where the prince is one of the founders. But, on 3 August, the Cabinet of Ministers voided its own decree. And, in September, new interesting documents came out.

One of them, addressed to heads of local administrations and chiefs of local organs of internal affairs of Almaty Oblast, and signed by the minister of ecology and one of the deputy ministers of internal affairs (the signature on the document is illegible, although the typed name is that of Shukhov), says: "Please do not interfere with, and if necessary render assistance, to Mr. Mohammed al-Adjami, the subject of the Kingdom of Saudi Arabia, and the persons accompanying him, in their trip to Uygur and other rayons of Almaty Oblast with the purpose of studying saker falcons' habitats and catching them in the interests of scientific research and protection of nature." We especially liked the phrase "in the interests of protection of nature," since we learned from unofficial sources that Mr. Mohammed al-Adjami is part of the retinue of a friendly state's minister of defense. We are curious: Since when does this department engage in studies of saker falcons' habitats, and on top of that "for scientific research purposes?"

The second document, put together in September by First Deputy Minister of Ecology M. Zharkenov, says: "The Ministry of Ecology and Biological Resources permits the catching of five to seven saker falcons on the

territory of the oblast, beginning 7 September 1994, for scientific purposes for studying the birds population, with the subsequent presentation of a report to the ministry before 10 October of this year. Taking the birds outside the oblast territory is not permitted."

And the third document from this series, signed on 17 September, you can read for yourself.

[Translation of the document's photocopy:]

#### PERMISSION

The RK Ministry of Ecology and Biological Resources permits to transport three saker falcons from the Syuktin Valley of Almaty Oblast to the city of Almaty and their transfer to Saudi Arabia.

The transfer is to be performed by Askar Akhmetovich Musinov, RK MFA [Ministry of Foreign Affairs] administration chief.

[signed] S.A. Medvedev

[Seal] 17 September 1994

[end of document]

It seems to us that with such documents in their possession, the deputies will not get bored at the upcoming hearings. We will only permit ourselves to remind the esteemed deputies of the words of a wise man—that bad laws are the worst kind of tyranny. For birds too.

#### A Voice From the Parliament

Supreme Council deputy Miloslav Kozlovskiy comments on the situation:

It is clear that the problem is out of the power structures' control. It allows a bureaucrat of any rank freedom to do as he chooses. Former RK Prime Minister S. Tereshchenko in the decree No. 872 dated 3 August 1992 declares: "The RK Cabinet of Ministers decree No. 66a dated 14 January 1994 'On Creating an KazSAEF International Ecological Foundation' shall hereby be considered void." And here is the 18 August 1994 response of the zoological resources commission to the letter from this foundation, disbanded two weeks earlier: "The commission considers permissible a limited removal of these varieties (saker falcons and Houbara bustards—M.K.) from the natural environment in October-December by Prince Mohammed bin Bandera, the foundation (already nonexistent—M.K.) president on the Kingdom of Saudi Arabia side..." and so on.

So, the prince is permitted to hunt for 20 falcons. But, according to information of the Ministry of Ecology and the MVD, this is half of the saker falcon population in the Naurzum preserve. After which, naturally, the population cannot be restored. Because there are only 20-25 pairs roosting on the entire territory of the preserve



every year. What else can we call this, other than a legitimized destruction of the population of a bird listed in the Red Book?

### And the Birds Are Still Being Smuggled Out

By Oksana Vasilenko

*On Monday, Gulam Ali Ahmad, an Afghan citizen living in Pakistan, was detained as he was boarding Flight 296 from Almaty to Islamabad. During the search, five saker falcons were found in his bag. The Pakistani did not deny that he wanted to make money on the birds but allegedly did not know that he was violating the RK environmental protection legislation. According to Gulam Ali Ali Ahmad, he bought the birds in Issyk-Kul Oblast, where he was visiting friends, for 2,500 soms, and intended to sell them in Pakistan at \$3,000 each. Having examined the birds, however, specialists from the Main Administration for Fauna Protection, said that the smuggler obvious understated the price. These birds—this year's young—are very valuable.*

As we were bidding farewells and looking how gingerly environmentalists unwrapped and unbound hysterically squawking birds, we asked: "Will they survive?" "We will nurse them back to health!" was the reply.

### Minister Reviews Ecological Priorities

954K0372A Almaty EKSPRESS-K in Russian  
15 Nov 94 p 2

[Article by Diana Yuryeva: "The Mafia Is Earning Millions on Fish From the 'Toilet Bowl'"]

[FBIS Translated Text] *On Friday the Supreme Council Committee for the Environment held parliamentary hearings on environmental problems of the republic. The report "The Ecological Situation in Kazakhstan. Priority Directions in the Activity of the Ministry of the Ecology and Biological Resources" was delivered by Svyatoslav Medvedev, minister of ecology and bioresources.*

The report observed, inter alia, that the ecological situation in the republic, despite the decline in production, remains very complex.

The level of atmospheric pollution of the majority of industrial centers (primarily Leninogorsk and Almaty) is high. The rivers and lakes of the republic are being polluted, as before (the level of water pollution is highest in the rivers of the Irtysh basin).

The degree of contamination with lead and cadmium is high in northern East Kazakhstan Oblast.

The systematic detection on the territory of the republic of areas of radioactive contamination of the soil and also the presence of sources of radioactive radiation in the walls of buildings and various building structures is alarming. The minister adduced several examples. A cesium-137 source was discovered in the bed of the highway system in Aktyubinsk. Two similar radioactive

sources were discovered in the Shortandy township (Akmola Oblast). Some 43 radioactive sources were detected in schools of Aktyubinsk. The radiation situation is being complicated by the colossal amount of radioactive waste constituting in terms of activity 13 million curies, and in weight, 233 million tonnes. The funding of work in radioecology in the present year has been 28 percent of what was planned, incidentally.

The process of degradation of the natural environment of the republic continues: Of the 103 million hectares of pasture that were surveyed, a process of desertification is under way on 63 million. Almost 15 million hectares of pasture have lost their economic significance. Five million hectares of plowland are subject to wind erosion.

The tracts of coniferous species have diminished sharply, and their genetic background has become impoverished, and a menacing fire and sanitary situation has taken shape in the forests (the area of the zones in the grip of pests has increased by 250,000 hectares. The situation is particularly threatening in the northern oblasts of the republic).

The pressure of poaching on the saiga has intensified, and the number of muskrats, marmots, and other animals is diminishing.

The level of inspection activity has risen (25,000 inspections were carried out in 1993), work at 428 facilities has been suspended, and 336 cases have been handed over to the procuracy. Claims totaling 280.7 million tenge were presented. But the formation of the economic mechanism of the use and conservation of natural resources has become considerably more complicated as of late in connection with the inclusion of environmental-protection funds of various levels in the budget. The efficiency of the work of the control and inspection service is diminishing considerably on account of its inadequate provision with motor transport, weapons, communications and information facilities, instruments, and express-analysis and laboratory control tools.

In connection with the current ecological situation, urgent measures are required for the preservation and reproduction and rational use of timber resources. The Forestry Committee has drawn up and presented for consideration in the Cabinet of Ministers the "Forests of Kazakhstan" draft national program. It is aimed at an increase in woodlands in the republic from 3.8 to 4.6 percent, thanks to the afforestation of 2 million hectares of land. The program provides for an expansion of the network of timber nurseries and the organization of five breeding and seed-growing centers and so forth.

Concerning the environmental protection laws, Medvedev observed that it was essential, inter alia, to adopt a law on ecological expert evaluation. The honing of the details of this law is being completed at this time in the Supreme Council. "We intend with the aid of this law to decide questions of the funding of any economic activity only if there is a positive decision on the part of

official ecological evaluation and also questions of the regulation of environmental-protection planning and quota regulation with the aid of licensing." The creation in the republic of a research and expert base with the automation of the entire process of the official expert evaluation of projects and programs is a most important direction.

There has been a stimulation of international activity in the sphere of the environment. The international project "Protection of the Biological Diversity of the Caspian and its Coastal Zone" has been prepared and presented to the World Bank. It is seriously intended to create in Kazakhstan an environmental research center, in which all scientific research and pre-legislative activity and such is performed.

"According to the budget, the extent of the funding of the Ministry of the Environment constituted in 1994 some 302 million tenge. We in fact received 129 million. Most important areas are being funded inadequately: the programs for sewage (43 percent of the requisite amount) and for environmental zoning (7.5 percent). Repeated appeals to the Ministries of Finance and Economics have produced no positive solution. We need 6.2 billion tenge for next year and are being allocated only 1 billion," the minister of the environment declared.

In response to the deputies' question concerning the catching of fish in the storage area of the effluent of the Sorbulak, the minister related the following: "We recently carried out two raids at our own risk. The Sorbulak was taken by storm, although this is not a fish-breeding body of water, and inspecting is not within our jurisdiction. We confiscated as a result of the raids 26 tonnes of fish, eight motorboats, 56 nets, and weapons. They have yet to be claimed. Following the raids, I was approached by a militia major of the Almaty Internal Affairs Administration and told: "If you attempt to carry out raids again, you will have only yourself to blame. The Sorbulak is today simply ringed by the mafia. It is essential to undertake powerful preventive measures there."

Concerning the publication in the mass media of information concerning "royal hunts"—the predatory catching of Balaban falcons by Arab citizens—the minister declared: "Neither I nor my deputy have on our own initiative issued anyone bird-catching permits. Everything is done with the permission of the government."

## TURKMENISTAN

### New Rail Line Planned

954E0202A Moscow GUDOK in Russian 18 Nov 94 p 2

[Article by V. Veys, GUDOK correspondent: "The Salt Route: They Are Laying a New Line in Turkmenia"]

[FBIS Translated Text] Ashkhabad-Krasnovodsk—You would not call the present time an easy one. The republics of the broken-up Union are trying with all their strength to stand on their feet. The desire to survive is reviving former projects which were once moved to the rear.

For example, West Kazakhstan's uranium, oil and gold carrying Mangyshlak is searching for an exit to the west and to the south over water and land. Incidentally, one should not forget that during a meeting between Y. Fadeyev, Russia's minister of railways, and President S. Niyazov a detailed discussion took place in Turkmenistan about establishing a transportation corridor from Russia to Iran and the Persian Gulf. Attention was paid to the need for laying a new railroad line with a length of more than 400 kilometers from Aktau (Shevchenko) to Turkmenbashi (Krasnovodsk). This project, which has existed for about 30 years, has good prospects because it will shorten the freight route from Russia to Iran by a thousand kilometers.

While intergovernmental agreements about building new lines are being prepared, the first phase of one of them is already under construction. The Turkmen Ministry of Agriculture and Food Processing in the person of the board of directors for installations being built in accordance with a contract with foreign firms has emerged as the client. V. Khydrov, the chief engineer for the board of directors, says:

"The Turkmentransstroy Trust of Turkmenistan's state railroad is the general contractor for building the 40-kilometer long Turkmenbashi-Kuulisol line. For the first stage, it has enlisted the Sredazstroymekhanizatsiya's Mechanized Column No 13 from Uzbekistan, which has already raised the roadbed on 17 of the most difficult kilometers of the future route. The difficulty is that the railroad must be built through the entire city of Turkmenbashi. Its northern part is located on a small patch between the sea and the mountains which is completely built up and crammed with various service lines. Dozens of decisions and agreements are required to make one's way through such a saturated section. This has also delayed the construction project."

... We are traveling to the settlement of Kuulisol, the end point of the new route's first stage. A truck with a trailer loaded with salt rushes to meet us. Of course, it is a miserly amount—hardly more than four tons. Transporting this way is just the same as delivering salt by the handful.

K. Dzhayliyev, director of the Guvlyduz Combine, says: "During the years of the Union's existence, our enterprise mined more than 600,000 tons a year. Shipments were basically carried by ship across the Caspian Sea to Makhachkala and there the salt was transferred to rail cars.

"Not only the Union's republics but also Yugoslavia, Sweden and Norway received our products.... A plan for building a railroad already existed at that time; however, it was cancelled by the discovery of a new salt deposit in Siberia, which, of course, was closer to the country's industrial centers."

The situation with transporting salt was aggravated by a sharp rise in the Caspian Sea's water level: Vessels became inaccessible for low-powered carriers.

The 160,000-200,000 tons, which were required for the needs of the population of Turkmenistan itself are now being exported exclusively by motor transport from the mines. The combine's motor park literally has one foot in the grave: Only a third of the 40 trucks are operating. The transport production cost makes the mining of salt unprofitable because of the extremely high price of gasoline and the rail car transfer costs. Financing lies on the state's shoulders. This aroused it to build the railroad.

The delay caused by the line's complicated exit from the city and also by the mechanized column's low capacity has required the involvement of new subcontractors.

...The combine in the village of Kuulisol greeted us with mountains of loose salt. O. Kulzhanov, the combine's deputy director, says that they are extracting food salt from Gunlysol Lake. This is a unique natural factory. One can extract up to a million tons of salt a year here—if the appropriate capabilities existed and its export were organized.

Two railroad tracks run to the mining sites and the salt-mining combine travels along the wide gauge one. Small cars with a carrying capacity of 12 tons scurry about on the narrow gauge one. However, all this equipment is located in a corrosive environment: The salt corrodes both the metal and the reinforced concrete structures. That is why a combine should go for an overhaul and the ties on the approach lines must be completely replaced after five years. However, there are no spare parts and no permanent way elements today.

The small settlement of Kuulisol is completely inhabited by salt miners. They began industrial production here 100 years ago but they knew about the deposit several centuries ago. Afanasiy Nikitin, a Tver merchant, in his travels on three seas replenished his salt supplies on this bank of the ancient Khazar.

Today, there is much talk here about the railroad. They plan to launch it by the fourth anniversary of Turkmenistan's independence.

## REGIONAL AFFAIRS

### Assembly of Ural Cossacks Creates Army

954K0331A Almaty EKSPRESS-K in Russian 9 Nov 94 p 1

[Interview with Viktor Vodolazov, deputy of the Supreme Council of the Republic of Kazakhstan, by Erik Nurshin; place and date not given: "Cossack Army Created in the Urals"]

[FBIS Translated Text] Viktor Vodolazov, deputy of the Supreme Council of the Republic of Kazakhstan, revealed the sensational story to our EKSPRESS-K correspondent. On 6 November 1994 in the rayon center of Tashla, Orenburg Oblast, a Great Constituent Assembly of Urals Cossacks was convened. The Urals Cossack Army was created at this session! Aleksandr Kachalin was elected its ataman.

[Vodolazov] Of 130 delegates, 111 were present. The delegates represented the following regions: Atyrau Oblast and West Kazakhstan Oblast of Kazakhstan, and three rayons of Orenburg Oblast. An ataman was elected by majority vote from among four candidates—Aleksandr Andreyevich Kachalin. The governing body was elected. Documents were prepared for registration of the Urals Cossack Army in the Russian Federation as an interstate organization whose jurisdiction will extend to both the Russian Federation and the Republic of Kazakhstan. Three branches were established: Ilek, Urals, and Guryev (Atyrau Oblast—E.N.).

[Nurshin] What is the purpose of this formation?

[Vodolazov] To revive the traditions, customs, and history of the Urals Cossacks; to conduct coordinated efforts with the authorities so as to adapt Cossacks to today's conditions of transition to market relations; to establish small enterprises and associations; and to do explanatory work within the populace....

[Nurshin] Was there any discussion concerning the ataman who disappeared in Ust-Kamenogorsk?

[Vodolazov] Yes, Cossacks at the assembly expressed a number of grievances directed towards Republic of Kazakhstan authorities on matters related not only to Cherepanov's kidnapping, but also to appropriate measures that would enable us to prevent such incidents. They also examined the possibility of establishing a fund for the ransoming of kidnap victims.



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